

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2014

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 September 2014, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2014, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2014, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 11 November 2014

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	780,613	822,019	164,390	162,782
Current investments	4	631,007	380,000	630,640	380,000
Trade and other receivables	2, 5	732,872	864,118	262,195	329,590
Inventories		1,083,346	430,502	238,987	177,067
Input tax refundable		901,420	888,653	8,764	4,972
Prepaid income tax		452,259	584,947	-	94
Advance payments for goods	2, 6	86,603	419,495	41,501	87,090
Other current assets		33,303	28,316	3,091	1,742
Total current assets		4,701,423	4,418,050	1,349,568	1,143,337
Non-current assets					
Restricted bank deposits	3	67,336	60,162	-	-
Investments in subsidiaries	7	-	-	756,725	852,763
Investment in associated company	8	42,585	38,930	891	891
Investment properties		34,726	34,726	34,726	34,726
Property, plant and equipment	9	3,388,117	3,240,457	264,076	251,639
Goodwill		186,000	186,000	-	-
Intangible assets		3,322	3,375	1,110	1,415
Deferred tax assets		62,213	68,849	18,675	18,238
Other non-current assets	10	451,567	489,111	46,906	61,757
Total non-current assets		4,235,866	4,121,610	1,123,109	1,221,429
Total assets		8,937,289	8,539,660	2,472,677	2,364,766

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	608,722	996,308	-	-
Trade and other payables	2, 12	657,125	677,372	71,154	109,015
Current portion of long-term loan from financial institution	13	180,000	180,000	-	-
Accrued expenses		642,359	552,003	12,046	17,943
Income tax payable		4,849	30,056	4,849	12,614
Other current liabilities		169,653	121,728	12,963	5,521
Total current liabilities		2,262,708	2,557,467	101,012	145,093
Non-current liabilities					
Long-term loan from financial institution - net of current portion	13	567,757	657,757	-	-
Provision for long-term employee benefits		178,297	156,141	26,756	24,573
Provision for mine reclamation and decommissioning costs		111,838	114,093	-	-
Deferred tax liabilities		21,766	11,503	-	-
Total non-current liabilities		879,658	939,494	26,756	24,573
Total liabilities		3,142,366	3,496,961	127,768	169,666

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>	
	30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	30 September 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid up				
(524,999,679 ordinary shares of Baht 1 each)	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400
Retained earnings				
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500
Appropriated - General reserve	727,200	650,600	727,200	650,600
Unappropriated	2,211,663	2,132,462	359,809	286,600
Other components of shareholders' equity	<u>16,897</u>	<u>(37,626)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	4,213,660	4,003,336	2,344,909	2,195,100
Non-controlling interests of the subsidiaries	<u>1,581,263</u>	<u>1,039,363</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	5,794,923	5,042,699	2,344,909	2,195,100
Total liabilities and shareholders' equity	8,937,289	8,539,660	2,472,677	2,364,766

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 period ended 30 September 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Sales	2	2,664,378	3,203,125	474,175	393,791
Commission and marketing service income	2	-	-	39,712	54,639
Other income					
Dividend income	2, 7	-	-	72,187	41,668
Service income	2	-	-	10,054	17,006
Interest income		8,290	5,556	5,388	4,644
Gain on exchange		-	-	25	2,411
Others		3,420	878	1,112	273
Total other income		11,710	6,434	88,766	66,002
Total revenues		2,676,088	3,209,559	602,653	514,432
Expenses					
Cost of sales	2	2,013,645	2,181,920	406,119	336,056
Selling and distribution expenses		437,805	628,588	41,847	37,499
Administrative expenses		118,069	129,842	27,221	29,591
Loss on exchange		20,112	112,892	-	-
Total expenses		2,589,631	3,053,242	475,187	403,146
Profit before share of profit from investment,					
finance cost and income tax expenses		86,457	156,317	127,466	111,286
Share of profit from investment in					
associated company	8	5,061	1,960	-	-
Profit before finance cost and income tax expenses		91,518	158,277	127,466	111,286
Finance cost		(12,882)	(15,134)	-	-
Profit before income tax expenses		78,636	143,143	127,466	111,286
Income tax expenses	15	(10,405)	(22,023)	(12,409)	(10,983)
Profit for the period		68,231	121,120	115,057	100,303
Profit attributable to:					
Equity holders of the Company		52,183	94,438	115,057	100,303
Non-controlling interests of the subsidiaries		16,048	26,682		
		68,231	121,120		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	16	0.10	0.18	0.22	0.19

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 period ended 30 September 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the period	<u>68,231</u>	<u>121,120</u>	<u>115,057</u>	<u>100,303</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>(7,142)</u>	<u>19,806</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(7,142)</u>	<u>19,806</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>61,089</u></u>	<u><u>140,926</u></u>	<u><u>115,057</u></u>	<u><u>100,303</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>47,648</u>	<u>107,270</u>	<u><u>115,057</u></u>	<u><u>100,303</u></u>
Non-controlling interests of the subsidiaries	<u>13,441</u>	<u>33,656</u>		
	<u><u>61,089</u></u>	<u><u>140,926</u></u>		

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

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the nine-month period ended 30 September 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Sales	2	9,454,009	8,903,494	1,454,817	1,080,147
Commission and marketing service income	2	-	-	151,566	146,534
Other income					
Gain on disposal of investment in subsidiary	7	-	-	90,658	-
Dividend income	2, 7, 8	-	-	140,683	164,528
Service income	2	-	-	42,890	44,218
Interest income	2	19,343	16,090	14,524	13,039
Gain on exchange		-	-	-	5,271
Others		8,333	7,889	3,118	4,157
Total other income		27,676	23,979	291,873	231,213
Total revenues		9,481,685	8,927,473	1,898,256	1,457,894
Expenses					
Cost of sales	2	6,653,054	5,854,027	1,258,235	922,056
Selling and distribution expenses		1,622,389	1,670,604	121,490	107,600
Administrative expenses		439,095	384,085	93,681	98,166
Loss on exchange		11,522	139,285	1	-
Total expenses		8,726,060	8,048,001	1,473,407	1,127,822
Profit before share of profit from investment, finance cost and income tax expenses					
		755,625	879,472	424,849	330,072
Share of profit from investment in associated company					
	8	15,579	9,033	-	-
Profit before finance cost and income tax expenses		771,204	888,505	424,849	330,072
Finance cost		(46,981)	(43,471)	-	-
Profit before income tax expenses		724,223	845,034	424,849	330,072
Income tax expenses	15	(190,716)	(203,726)	(65,040)	(34,732)
Profit for the period		533,507	641,308	359,809	295,340
Profit attributable to:					
Equity holders of the Company		365,801	439,484	359,809	295,340
Non-controlling interests of the subsidiaries		167,706	201,824		
		533,507	641,308		
Basic earnings per share					
	16				
Profit attributable to equity holders of the Company (Baht)		0.70	0.84	0.69	0.56

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 period ended 30 September 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the period	<u>533,507</u>	<u>641,308</u>	<u>359,809</u>	<u>295,340</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>(34,709)</u>	<u>63,847</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(34,709)</u>	<u>63,847</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>498,798</u>	<u>705,155</u>	<u>359,809</u>	<u>295,340</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>343,819</u>	<u>480,214</u>	<u>359,809</u>	<u>295,340</u>
Non-controlling interests of the subsidiaries	<u>154,979</u>	<u>224,941</u>		
	<u>498,798</u>	<u>705,155</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 period ended 30 September 2014

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	724,223	845,034	424,849	330,072
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	210,320	178,224	20,563	22,888
Reversal of reduction of inventory to net realisable value	-	(9,703)	-	-
Gain on disposals and change in value of investments in trading securities	(2,531)	-	(2,164)	-
Share of profit from investment in associated company	(15,579)	(9,033)	-	-
Write-off of input tax refundable and prepaid income tax	82,388	-	-	-
Gain on disposal of investment in subsidiary	-	-	(90,658)	-
Gain on disposals of equipment	(696)	(3,692)	(19)	(3,692)
Loss on write-off of equipment	396	1,184	-	-
Dividend income	-	-	(140,683)	(164,528)
Provision for long-term employee benefits	34,231	36,220	2,183	1,935
Provision for mine reclamation and decommissioning costs	13,430	56,590	-	-
Share-based payment transactions	556	-	-	-
Unrealised loss (gain) on exchange	6,616	25,636	(131)	(709)
Interest income	(19,343)	(16,090)	(14,524)	(13,039)
Interest expenses	46,981	43,471	-	-
Profit from operating activities before changes in operating assets and liabilities	1,080,992	1,147,841	199,416	172,927
Operating assets (increase) decrease				
Trade and other receivables	138,999	163,619	117,766	(48,421)
Inventories	(652,844)	(311,795)	(61,920)	50,671
Input tax refundable	(85,656)	(141,366)	(3,792)	1,850
Advance payments for goods	332,774	(44,420)	45,471	5,663
Other current assets	(4,987)	(4,786)	(1,349)	(1,395)
Operating liabilities increase (decrease)				
Trade and other payables	23,813	40,839	(33,532)	17,481
Accrued expenses	93,013	310,770	(5,897)	(3,373)
Other current liabilities	12,242	(99,699)	1,363	1,599
Provision for long-term employee benefits	(7,843)	(1,595)	-	-
Provision for mine reclamation	(14,683)	(19,396)	-	-
Cash from operating activities	915,820	1,040,012	257,526	197,002
Interest income	20,205	14,315	15,423	11,337
Cash paid for interest expenses	(49,638)	(42,729)	-	-
Refund of income tax	172,907	38	94	37
Cash paid for income tax	(268,050)	(400,793)	(67,163)	(35,521)
Net cash from operating activities	791,244	610,843	205,880	172,855

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 period ended 30 September 2014**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Increase in current investments	(248,476)	(11,000)	(248,476)	(11,000)
Increase in restricted bank deposits	(7,981)	(1,994)	-	-
Dividend received from subsidiary and associated companies	11,924	11,362	89,683	164,528
Cash received from disposal of investment in subsidiary	-	-	186,696	-
Proceed from disposals of equipment	2,268	3,756	33	3,756
Cash received from government grants	-	6,000	-	-
Acquisitions of property, plant and equipment	(355,058)	(106,192)	(22,983)	(23,445)
Acquisitions of computer software	(602)	(811)	(117)	(612)
(Increase) decrease in other non-current assets	<u>(35,817)</u>	<u>(92,174)</u>	<u>892</u>	<u>(2,323)</u>
Net cash from (used in) investing activities	<u>(633,742)</u>	<u>(191,053)</u>	<u>5,728</u>	<u>130,904</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(387,586)	253,768	-	-
Cash received from factoring liabilities	-	15,023	-	-
Repayment of long-term loan from financial institution	(90,000)	(180,000)	-	-
Dividend paid	(293,018)	(291,261)	(210,000)	(175,000)
Cash received from non-controlling interest from change in the percentage of shareholding in subsidiary	575,492	-	-	-
Increase (decrease) in non-controlling interests of the subsidiaries	<u>(12,727)</u>	<u>23,117</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(207,839)</u>	<u>(179,353)</u>	<u>(210,000)</u>	<u>(175,000)</u>
Increase (decrease) in translation adjustments	<u>8,931</u>	<u>(20,104)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(41,406)	220,333	1,608	128,759
Cash and cash equivalents at beginning of period	822,019	1,152,588	162,782	197,144
Effect of change in foreign exchange rate on cash at bank balance	-	709	-	709
Cash and cash equivalents at end of period (Note 3)	<u>780,613</u>	<u>1,373,630</u>	<u>164,390</u>	<u>326,612</u>

Supplemental cash flows information:

Non-cash transactions from investing activities

Increase (decrease) in payables for purchases of

plant, equipment and intangible assets

(44,081) 26,749 (4,350) 6,987

Dividend receivable from subsidiary

- - 51,000 -

Accrued receipt from government grants

8,615 6,338 - -

Transferred property, plant and equipment to intangible assets

- 30 - 30

Transferred property, plant and equipment to

other non-current assets

- 238 - -

Non-cash transactions from financing activities

Increase in dividend payable

29,604 - - -

Issuance of stock dividend

- 175,000 - 175,000

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 period ended 30 September 2014

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company									
	Retained earnings					Other components of shareholders' equity				
						Other comprehensive income			Exchange differences on translation of financial statements in foreign currency	Total other component of shareholders' equity
	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated					
Balance as at 31 December 2012	350,000	680,400	35,000	495,900	2,266,118	(146,001)	(146,001)	3,681,417	894,455	4,575,872
Dividend paid (Note 17)	175,000	-	-	-	(350,000)	-	-	(175,000)	-	(175,000)
Unappropriated retained earnings transferred to general reserve (Note 17)	-	-	-	154,700	(154,700)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	439,484	40,730	40,730	480,214	224,941	705,155
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries	-	-	-	-	-	-	-	-	(116,261)	(116,261)
Balance as at 30 September 2013	525,000	680,400	35,000	650,600	2,200,902	(105,271)	(105,271)	3,986,631	1,003,135	4,989,766

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 period ended 30 September 2014

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Issued and paid up share capital	Share premium	Retained earnings			Unappropriated	Other components of shareholders' equity					
			Statutory reserve	General reserve	translation of financial statements in foreign currency		Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 31 December 2013	525,000	680,400	52,500	650,600		2,132,462						
Dividend paid (Note 17)	-	-	-	-	(210,000)	-	-	-	-	(210,000)	-	(210,000)
Unappropriated retained earnings transferred to general reserve (Note 17)	-	-	-	76,600	(76,600)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	365,801	(21,982)	-	-	(21,982)	343,819	154,979	498,798
Adjustment of capital reserve for share-based payment transactions (Note 14)	-	-	-	-	-	-	-	556	556	556	-	556
Disposal of investment in subsidiary and issuance of additional ordinary shares of subsidiary (note 7)	-	-	-	-	-	-	75,949	-	75,949	75,949	499,543	575,492
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries	-	-	-	-	-	-	-	-	-	-	(112,622)	(112,622)
Balance as at 30 September 2014	525,000	680,400	52,500	727,200	2,211,663	(59,608)	75,949	556	16,897	4,213,660	1,581,263	5,794,923

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 period ended 30 September 2014

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		Unappropriated	
			Statutory reserve	General reserve		
Balance as at 31 December 2012	350,000	680,400	35,000	495,900	534,793	2,096,093
Dividend paid (Note 17)	175,000	-	-	-	(350,000)	(175,000)
Unappropriated retained earnings transferred to general reserve (Note 17)	-	-	-	154,700	(154,700)	-
Total comprehensive income for the period	-	-	-	-	295,340	295,340
Balance as at 30 September 2013	<u>525,000</u>	<u>680,400</u>	<u>35,000</u>	<u>650,600</u>	<u>325,433</u>	<u>2,216,433</u>
Balance as at 31 December 2013	525,000	680,400	52,500	650,600	286,600	2,195,100
Dividend paid (Note 17)	-	-	-	-	(210,000)	(210,000)
Unappropriated retained earnings transferred to general reserve (Note 17)	-	-	-	76,600	(76,600)	-
Total comprehensive income for the period	-	-	-	-	359,809	359,809
Balance as at 30 September 2014	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>727,200</u>	<u>359,809</u>	<u>2,344,909</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 nine-month periods ended 30 September 2014

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 Thai Accounting Standard No. 34 (revised 2012) "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 2013. There have been no significant changes in the composition of the Group during the current period, except for the disposal of some ordinary shares of a subsidiary and issuance of additional ordinary shares of such subsidiary as discussed in Note 7.

1.4 New accounting standards

(a) Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

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 2013, except the following accounting policy for investments in trading securities which has been adopted in the financial statements for the current period.

Investments in trading securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities, which is determined from their net asset value, are recorded in profit or loss.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(Unaudited but reviewed)

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	72,187	41,668
Commission and marketing service income	-	-	39,712	54,639
Service income	-	-	10,054	17,006
<u>Transactions with major shareholder</u>				
Sales of coal	417,343	345,086	417,343	345,086
<u>Transactions with associated company</u>				
Purchase of coal	401,253	206,066	401,253	206,066
Freight charge	76,663	36,353	76,663	36,353

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	128,759	153,166
Commission and marketing service income	-	-	151,566	146,534
Service income	-	-	42,890	44,218
Interest income	-	-	2,578	-
<u>Transactions with major shareholder</u>				
Sales of coal	1,246,069	918,011	1,246,069	918,011
<u>Transactions with associated company</u>				
Purchase of coal	909,381	547,312	909,381	547,312
Freight charge	176,436	100,625	176,436	100,625
Dividend income	-	-	11,924	11,362

Transfer pricing policy

Sales of coal	Market price at which equivalent quality coal is sold to the same industry
Purchase of coal	Market price for equivalent quality coal
Commission and marketing service income	At the price agreed between the parties which is general price for the same business
Service income	Rate comparable paid to third parties
Dividend income	At the declared rate
Freight charge	Price comparable to freight charges paid to third parties
Interest income	SIBOR rate plus 4.5% per annum

(Unaudited but reviewed)

As at 30 September 2014 and 31 December 2013, 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 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Major shareholder	149,251	169,098	149,251	169,098
Subsidiaries	-	-	87,545	138,977
Total trade and other receivables - related parties	<u>149,251</u>	<u>169,098</u>	<u>236,796</u>	<u>308,075</u>
<u>Advance payment for goods - related parties</u>				
(Note 6)				
Subsidiary	-	-	-	87,090
Associated company	41,501	-	41,501	-
Total advance payment for goods - related parties	<u>41,501</u>	<u>-</u>	<u>41,501</u>	<u>87,090</u>
<u>Trade and other payables - related parties</u>				
(Note 12)				
Subsidiary	-	-	-	5,544
Associated company	15,018	3,652	15,018	3,652
Total trade and other payables - related parties	<u>15,018</u>	<u>3,652</u>	<u>15,018</u>	<u>9,196</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2014 and 2013, 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 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	39,289	37,294	10,971	10,952
Post-employment benefits	3,951	3,079	579	430
Total	<u>43,240</u>	<u>40,373</u>	<u>11,550</u>	<u>11,382</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	116,013	111,467	38,761	40,361
Post-employment benefits	12,755	9,611	1,736	1,288
Total	<u>128,768</u>	<u>121,078</u>	<u>40,497</u>	<u>41,649</u>

Employee Joint Investment Program

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

3. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	179	180	40	40
Bank deposits	710,770	832,001	27,350	112,742
Investments in bills of exchange and bond of the Bank of Thailand	137,000	50,000	137,000	50,000
Total	847,949	882,181	164,390	162,782
Less: Restricted bank deposits	<u>(67,336)</u>	<u>(60,162)</u>	-	-
Total	<u>780,613</u>	<u>822,019</u>	<u>164,390</u>	<u>162,782</u>

As at 30 September 2014, bank deposits in savings account, fixed deposits and investments in bills of exchange and bond carried interests between 0.1 and 9.75 percent per annum (31 December 2013: between 0.02 and 9.5 percent per annum).

As at 30 September 2014, the overseas subsidiaries had restricted bank deposits of approximately Baht 67 million (31 December 2013: Baht 60 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 20.5.

(Unaudited but reviewed)

4. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Investments in trading securities - fair value	131,007	-	130,640	-
Fixed deposit	150,000	-	150,000	-
Investments in bills of exchange	350,000	380,000	350,000	380,000
Total	631,007	380,000	630,640	380,000

As at 30 September 2014, the Company had current investments in the form of bills of exchange and fixed deposit amounting to Baht 500 million (31 December 2013: Baht 380 million) carried interests between 2.7 and 3.0 percent per annum (31 December 2013: between 3.1 and 3.35 percent per annum) and due for redemption within September 2015.

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	149,251	169,098	162,136	192,631
Past due				
Up to 3 months	-	-	13,528	31,707
3 - 6 months	-	-	1	-
Total trade receivables - related parties	149,251	169,098	175,665	224,338
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	558,125	684,138	21,475	16,588
Past due				
3 - 6 months	3,632	-	-	-
Total trade receivable - unrelated parties	561,757	684,138	21,475	16,588
Total trade receivables	711,008	853,236	197,140	240,926
<u>Other receivables</u>				
Other receivable - related parties	-	-	10,131	23,133
Other receivable - unrelated parties	17,901	6,163	-	211
Dividend receivable	-	-	51,000	60,604
Advances	501	394	501	394
Interest receivable	3,462	4,325	3,423	4,322
Total other receivables	21,864	10,882	65,055	88,664
Total trade and other receivables	732,872	864,118	262,195	329,590

(Unaudited but reviewed)

An overseas subsidiary has pledged its accounts receivable to a bank as collateral for the credit facilities of trust receipts. As at 30 September 2014, the balance of accounts receivable totalling Rupiah 57,792 million or approximately Baht 153.2 million (31 December 2013: Rupiah 61,000 million or approximately Baht 163.3 million) were placed as collateral for such credit facilities.

6. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Advance payments for goods - related parties	41,501	-	41,501	87,090
Advance payments for goods - unrelated parties	45,102	419,495	-	-
Total advance payments for goods	<u>86,603</u>	<u>419,495</u>	<u>41,501</u>	<u>87,090</u>

The local subsidiary had significant business transactions with local companies in respect of purchases of molasses and cassava chips under the purchase of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 30 September 2014, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 26 million (31 December 2013: Baht 366.9 million).

(Unaudited but reviewed)

7. Investments in subsidiaries

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

Company's name	Nature of business	Relationship	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the nine-month periods ended	
			30	31	30	31	30	31	30	30
			September	December	September	December	September	December	September	September
			2014	2013	2014	2013	2014	2013	2014	2013
					(%)	(%)				
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 1,000 million	Baht 800 million	51.00	75.75	510,000	606,038	51,000	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	-	-
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	77,759	134,985
PT. Citra Harita Mineral (Incorporated in Indonesia)	Service in coal production and port and jetty service	Direct holding and common directors	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187	2,187	-	-
Total							<u>756,725</u>	<u>852,763</u>	<u>128,759</u>	<u>153,166</u>

Local subsidiary

Thai Agro Energy Public Co., Ltd.

On 18 September 2013, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions.

- a) Approved the plan for the listing of Thai Agro Energy Public Co., Ltd. in the Stock Exchange of Thailand. The listing shall proceed by the initial public offering (IPO) and the offer to the Company's shareholders by pre-emptive right according to shareholding proportion in the Company totaling 296,037,733 shares at the par value of Baht 1 per share, totaling Baht 296,037,733 consisting of:
 1. Capital increase ordinary shares in Thai Agro Energy Public Co., Ltd. of 200,000,000 shares at the par value of Baht 1 per share, totaling Baht 200,000,000.
 2. Ordinary shares in Thai Agro Energy Public Co., Ltd. originally held by the Company of 96,037,733 shares at the par value of Baht 1 per share, totaling Baht 96,037,733.
- b) Approved the allocation of the capital increase ordinary shares in Thai Agro Energy Public Co., Ltd. of 105,037,733 shares to the Company's shareholders for subscription by pre-emptive right according to their shareholding proportion in the Company. The offer price shall be the same as the initial public offering price.

Subsequently, on 21 April 2014, the meeting of the Board of Directors of the Company passed a resolution to allocate such capital increase ordinary shares to the Company's shareholders at the proportion of 5 ordinary shares in the Company per 1 ordinary share in Thai Agro Energy Public Co., Ltd. Additionally, the Company's shareholders may subscribe more capital increase ordinary shares in excess of their allocated proportion at the same offer price. The Board of Directors of Thai Agro Energy Public Co., Ltd. or a person authorised by the Board of Directors of Thai Agro Energy Public Co., Ltd. has authorised to consider the allocation of the remaining shares unsubscribed by the Company's shareholders to each of the Company's shareholders who have indicated intention to subscribe the shares in excess of their allocated proportion in the Company on a pro-rata basis but the total amount of allocated shares shall not exceed 105,037,733 shares.

- c) Approved the sale of ordinary shares in Thai Agro Energy Public Co., Ltd. originally held by the Company of 96,037,733 shares, to be offered together with the public offering of newly issued capital increase ordinary shares of Thai Agro Energy Public Co., Ltd. The offer price shall be the same as the initial public offering price.

(Unaudited but reviewed)

On 19 September 2013, the Extraordinary General Meeting of Thai Agro Energy Public Co., Ltd.'s shareholders passed a resolution to approve the increase in its registered capital from Baht 800,000,000 (800,000,000 shares of Baht 1 each) to Baht 1,000,000,000 (1,000,000,000 shares of Baht 1 each) to support the initial public offering to public and a subsidiary's shareholders. The subsidiary registered the increase of its issued and paid up share capital with Ministry of Commerce on 2 June 2014.

On 10 April 2014, the Securities and Exchange Commission approved the share offering of Thai Agro Energy Public Co., Ltd. The registration statement and prospectus of Thai Agro Energy Public Co., Ltd. have been effective on 9 May 2014. The Company and Thai Agro Energy Public Co., Ltd. determined the offering price of shares of Thai Agro Energy Public Co., Ltd. to the Company's existing shareholders who has name on the Company's share registration book on 7 May 2014 and public at the price of Baht 2.00 per share. The subscription periods for the Company's shareholders is 21 - 23 May 2014 and for public is 28 - 30 May 2014. The Company had already received the full payment from the disposal of Thai Agro Energy Public Co., Ltd.'s ordinary shares and Thai Agro Energy Public Co., Ltd. had already received the full payment from issuance of additional ordinary shares on 2 June 2014. Then, the Stock Exchange of Thailand approved 1,000,000,000 ordinary shares with a par value of Baht 1 each of Thai Agro Energy Public Co., Ltd. as listed securities for trading, effective from 5 June 2014.

The disposal of some ordinary shares of Thai Agro Energy Public Co., Ltd. and issuance of additional ordinary shares of Thai Agro Energy Public Co., Ltd. to the Company's shareholders and public led to a decrease in shareholding percentage of the Company in such subsidiary from 75.75 percent to 51.00 percent. The Company recognised gain from disposal of investment in subsidiary of Baht 90.7 million in profit or loss in the separate financial statements and recorded surplus on change in the percentage of shareholding in subsidiary of Baht 75.9 million in the consolidated statement of change in shareholders' equity.

Overseas subsidiary

PT. Citra Harita Mineral

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

(Unaudited but reviewed)

8. Investment in associated company

(Unit: Thousand Baht)

Company	Nature of business	Relationship	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements			
			30 September	31 December	30 September	31 December	Carrying amounts based on equity method		Cost		Dividend received for the nine-month periods ended	
			2014	2013	2014	2013	30 September	31 December	30 September	31 December	30 September	30 September
				(%)	(%)	2014	2013	2014	2013	2014	2013	
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	42,585	38,930	891	891	11,924	11,362
Total							42,585	38,930	891	891	11,924	11,362

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and nine-month periods ended 30 September 2014 of approximately Baht 5.1 million and Baht 15.6 million, respectively (2013: Baht 2 million and Baht 9 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)

9. Property, plant and equipment

Movements in the property, plant and equipment account for the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial Statements
Net book value as at 31 December 2013	3,240,457	251,639
Acquisitions during the period - cost	310,714	18,682
Disposals and write-off during the period - net book value on disposal/write-off date	(1,968)	(14)
Receipt of government grants	(8,615)	-
Depreciation for the period	(141,768)	(6,231)
Translation adjustments	(10,703)	-
Net book value as at 30 September 2014	<u>3,388,117</u>	<u>264,076</u>

A subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 30 September 2014 amounting to approximately Baht 1,192.9 million (31 December 2013: Baht 1,198.7 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 11 and 13.

During the current period, a subsidiary recorded accrued receipt for a subsidy of Baht 8.6 million from the subsidy agreement with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project". Subsequently, on 8 October 2014, the subsidiary received such subsidy and the subsidiary is required to comply with terms under the aforementioned agreement.

10. Other non-current assets

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Deferred expenses - Indonesia coal mine project	377,804	398,514	-	-
Deferred overburden removal expenses	10,411	12,132	-	-
Deferred transferred service fees according to contract	37,844	51,803	37,844	51,803
Others	25,508	26,662	9,062	9,954
Total other non-current assets	<u>451,567</u>	<u>489,111</u>	<u>46,906</u>	<u>61,757</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.

11. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2014	31 December 2013
Promissory notes	327,306	604,684
Trust receipts	281,416	297,504
Short-term loans from financial institutions	-	94,120
Total	<u>608,722</u>	<u>996,308</u>

As at 30 September 2014, the local subsidiary had short-term loans from financial institutions in form of promissory notes of Baht 327.3 million (31 December 2013: Baht 604.7 million), which bear interests between 3.6 and 4.0 percent per annum (31 December 2013: between 3.7 and 4.1 percent per annum). The loan amounting to Baht 327.3 million (31 December 2013: Baht 604.7 million) is secured by the mortgage of part of the subsidiary’s land and construction thereon and machinery as discussed in Note 9.

(Unaudited but reviewed)

Two subsidiaries entered into the credit facilities agreements with two financial institutions of Baht 200 million and USD 5 million. As at 30 September 2014, the subsidiaries had outstanding balance of trust receipts of Baht 131.3 million and USD 4.6 million, totalling Baht 281.4 million (31 December 2013: Baht 140 million and USD 4.8 million, totalling Baht 297.5 million), with interest rates of 3.55 percent per annum and 6 percent per annum, respectively (31 December 2013: 3.7 percent per annum and 6.34 percent per annum, respectively).

As at 30 September 2014, trust receipts of USD 4.6 million or approximately Baht 150.1 million (31 December 2013: USD 4.8 million or approximately Baht 157.5 million) are secured by pledge of accounts receivable of Rupiah 57,792 million or Baht 153.2 million (31 December 2013: Rupiah 61,000 million or approximately Baht 163.3 million) as discussed in Note 5 and containing covenants which the overseas subsidiary has to comply, pertaining to matters such as requesting for approval from the financial institution for negative pledge.

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade payables - related parties	15,018	3,652	15,018	3,652
Trade payables - unrelated parties	584,490	568,163	54,426	93,359
Other payables - related parties	-	-	-	5,544
Other payables - unrelated parties	22,246	17,690	1,691	1,675
Payables for purchases of plant, equipment and intangible assets	5,829	49,911	19	4,369
Retention payable	29,542	37,956	-	416
Total trade and other payables	<u>657,125</u>	<u>677,372</u>	<u>71,154</u>	<u>109,015</u>

(Unaudited but reviewed)

13. Long-term loan from financial institution

(Unit: Thousand Baht)

Consolidated
financial statements

	30 September 2014	31 December 2013
Long-term loan	747,757	837,757
Less: Current portion	(180,000)	(180,000)
Long-term loan - net of current portion	<u>567,757</u>	<u>657,757</u>

Movements in the long-term loan from financial institution during the nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2013	837,757
Less: Repayment during the period	<u>(90,000)</u>
Balance as at 30 September 2014	<u>747,757</u>

On 6 November 2013, the local subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with an another local bank. Then, on 18 December 2013, the subsidiary withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest rate at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year. The loan is repayable within 5 years in 10 semi-annually installments of Baht 90 million during the first to ninth installment, and remaining balance is repayable in the tenth installment. The repayment period is from June 2014 to December 2018. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 9.

Subsequently, on 7 March 2014, the subsidiary made executed an annex of the long-term loan agreement with the bank to revise certain conditions and debt service coverage ratios.

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

(Unaudited but reviewed)

As at 30 September 2014, the subsidiary could maintain certain financial ratios as specified in the loan agreement (31 December 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 obtained a waiver letter for the condition to maintain certain financial ratios for the year ended 31 December 2013 from that bank on 27 December 2013. The subsidiary could maintain all conditions in a waiver letter and the loan agreement).

14. Capital reserve for share-based payment transactions

During the year 2011, a shareholder of the local subsidiary sold 3.1 million shares to directors and employees of the subsidiary at a price of Baht 1 per share. This transaction falls under the scope of TFRS 2 (revised 2012): Share-based Payment, which requires that the subsidiary records the difference between the selling price and the fair value of shares as an expense. The subsidiary considered that the book value approach is appropriate to determine fair value as book value was calculated based on the financial statements as at 31 December 2010, which was close to the transaction date. However, the resulting difference of Baht 0.6 million was recorded as an expense in profit or loss in the consolidated income statement for the current period and as capital reserve for share-based payment transactions in the consolidated statement of financial position as at 30 September 2014.

15. 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 nine-month periods ended 30 September 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	1,062	2,218	10,966	-
Withholding tax deducted at source recognised as expenses during the period	1,589	11,217	1,589	11,217
Deferred tax:				
Relating to origination and reversal of temporary differences	7,754	8,588	(146)	(234)
Income tax expense reported in the income statements	<u>10,405</u>	<u>22,023</u>	<u>12,409</u>	<u>10,983</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	168,203	154,602	59,645	-
Withholding tax deducted at source recognised as expenses during the period	5,832	35,424	5,832	35,424
Deferred tax:				
Relating to origination and reversal of temporary differences	16,681	13,700	(437)	(692)
Income tax expense reported in the income statements	<u>190,716</u>	<u>203,726</u>	<u>65,040</u>	<u>34,732</u>

16. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

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

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to equity holders of the Company (Thousand Baht)	52,183	94,438	115,057	100,303
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.10	0.18	0.22	0.19

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to equity holders of the Company (Thousand Baht)	365,801	439,484	359,809	295,340
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.70	0.84	0.69	0.56

17. Dividend paid

Dividends paid by the Group during the nine-month periods ended 30 September 2014 and 2013 are as follows:

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2014</u>				
Final dividends for 2013	Annual General Meeting of the shareholders on 21 April 2014	210,000	0.40	9 May 2014
Total		210,000	0.40	
<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	

⁽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 76.6 million (2013: Baht 154.7 million).

Subsidiaries**Thai Agro Energy Public Co., Ltd.**

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2014</u>				
Interim dividend for 2014	Board of Directors' meeting on 18 September 2014	100,000	0.10	17 October 2014
Total		100,000	0.10	
<u>2013</u>				
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	24,000	0.03	20 May 2013
Total		24,000	0.03	

(Unaudited but reviewed)

PT. Lanna Harita Indonesia

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<u>2014</u>				
The third interim dividend for 2013	Board of Directors' meeting on 10 March 2014	1,600	200	19 March 2014
Final dividends for 2013	Annual General Meeting of the shareholders on 19 June 2014	1,600	200	23 June 2014
The first interim dividend for 2014	Board of Directors' meeting on 22 September 2014	1,200	150	25 September 2014
Total		<u>4,400</u>	<u>550</u>	
<u>2013</u>				
The third interim dividend for 2012	Board of Directors' meeting on 19 March 2013	2,000	250	22 March 2013
Final dividends for 2012	Annual General Meeting of the shareholders on 3 June 2013	3,600	450	26 June 2013
The first interim dividend for 2013	Board of Directors' meeting on 9 September 2013	2,400	300	17 September 2013
Total		<u>8,000</u>	<u>1,000</u>	

During the nine-month period ended 30 September 2014, the Company received dividend income at 55 percent for a total of USD 2.42 million or approximately Baht 77.8 million. The Company had been withheld the withholding tax deducted at source Baht 5.8 million (2013: dividend income of USD 4.4 million or approximately Baht 135 million. The Company had been withheld the withholding tax deducted at source of Baht 10.1 million).

18. 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.

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

The following tables present revenue and profit information regarding of the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013:

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues from external customers	475	394	1,501	2,366	688	443	-	-	2,664	3,203
Inter-segment revenues	49	72	-	-	-	-	(49)	(72)	-	-
Total revenue	524	466	1,501	2,366	688	443	(49)	(72)	2,664	3,203
Operating results	118	129	517	893	62	68	(46)	(69)	651	1,021
Segment profit										
Other income									11	6
Share of profit from investment in associated company									5	2
Loss on exchange									(20)	(113)
Selling and distribution expenses									(438)	(628)
Administrative expenses									(118)	(130)
Finance cost									(13)	(15)
Profit before income tax expenses									78	143
Income tax expenses									(10)	(22)
Non-controlling interests of the subsidiaries									(16)	(27)
Profit for the period									52	94

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	Revenues from external customers	1,455	1,080	6,079	6,570	1,920	1,253	-	-	9,454
Inter-segment revenues	194	191	-	-	-	-	(194)	(191)	-	-
Total revenue	1,649	1,271	6,079	6,570	1,920	1,253	(194)	(191)	9,454	8,903
Operating results	391	349	2,319	2,680	277	204	(186)	(183)	2,801	3,050
Segment profit										
Other income									27	24
Share of profit from investment in associated company									15	9
Loss on exchange									(11)	(139)
Selling and distribution expenses									(1,622)	(1,671)
Administrative expenses									(439)	(384)
Finance cost									(47)	(44)
Profit before income tax expenses									724	845
Income tax expenses									(191)	(204)
Non-controlling interests of the subsidiaries									(167)	(202)
Profit for the period									366	439

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 30 September 2014 and 31 December 2013:

Segment assets	(Unit: Million Baht)					
	Domestic coal business	Overseas coal business	Ethanol business	Total Segments	Adjustments and eliminations	Consolidated
At 30 September 2014	2,659	4,084	3,012	9,755	(818)	8,937
At 31 December 2013	2,551	4,165	2,888	9,604	(1,064)	8,540

19. Significant contracts and agreements

19.1 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.

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

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

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

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 30 September 2014, the Company and its subsidiary had capital commitments of approximately Baht 23.1 million, relating to the construction and installation of the Company’s machinery, building system and coal conveyance and the subsidiary’s construction of Biogas systems and the acquisitions of machinery and equipment (the Company only: Baht 3.7 million) (31 December 2013: Baht 194 million (the Company only: Baht 17.7 million)).

20.2 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:

(Unaudited but reviewed)

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Less than 1 year	36	36	11	11
In over 1 and up to 5 years	23	31	12	19

20.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Less than 1 year	3	3	1	2
In over 1 and up to 5 years	1	2	1	2

- b) The Company and its subsidiaries have commitments under service agreements with regard to the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 1.8 million (the Company only: Baht 0.9 million) (31 December 2013: Baht 1.7 million (the Company only: Baht 0.5 million)).
- c) The Company and its subsidiary have commitment under the coal purchase agreements with two overseas companies. The price, coal quality and quantity are as stipulated in the agreements.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary has commitment under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-year duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.

20.4 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.

20.5 Guarantees

As at 30 September 2014, the Company and its subsidiaries had bank guarantees of approximately Baht 11.9 million, Rupiah 14,166 million and USD 0.6 million (the Company only: Baht 0.8 million) (31 December 2013: Baht 11.5 million, Rupiah 21,892 million and USD 0.03 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 overseas subsidiaries to the government, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department, Biogas Technologic promotion project 2012 (Year 5) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contractual performance under the license for using of electric to the Provincial Electricity Authority.

21. Litigation

In September 2011, a subsidiary company was sued by a company for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the subsidiary submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Subsequently, on 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it to make payments for purchases of cassava chip that the subsidiary paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2014 (the countersue date) until completion of payment. In addition, that company shall pay for charges and partial lawyer fee for the subsidiary. The subsidiary has not received such payment; therefore, the subsidiary has not recorded in its account.

22. Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts, with maturity of less than one year, when they consider appropriate.

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

As at 30 September 2014				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	2.4	0.5	32.2304	32.5161

As at 31 December 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	5.1	0.3	32.6778	32.9494

As at 30 September 2014 and 31 December 2013, the Company and its subsidiaries had no outstanding forward exchange contract.

23. Event after the reporting period

On 20 October 2014, the meeting of the Company's Board of Directors passed a resolution approving the payment of an interim dividend on the 2014 profit of Baht 0.35 per share or a total of Baht 183.7 million, which will be paid on 19 November 2014. The dividend will be recorded in the fourth quarter of the current year.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 November 2014.