

August 14, 2018

Subject: Clarification on the Operating Results of the 2nd Quarter 2018 and the First 6-Month Period of 2018

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results of the 2nd quarter 2018 and the first 6-month period of 2018. Details of the changes and impacts are described in the Management Discussion and Analysis (MD&A). The Company and subsidiary companies had a net profit in the 2nd quarter 2018 and the first 6-month period of 2018 totaling Baht 222.35 and 479.84 million, or net earnings per share of Baht 0.42 and 0.91, respectively, which increased from the same period last year by Baht 61.13 and 178.22 million or 37.92 and 59.09 percent, respectively, due to the following reasons:

(1) Net profit of the Company and subsidiary companies in the 2nd quarter 2018 totaled Baht 222.35 million, or net earnings per share of Baht 0.42, which increased from the same period last year by Baht 61.13 million, or an increase in net earnings per share of Baht 0.11 or 37.92 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 177.29 million or 79.73 percent of the total net profit, which increased from the same period last year by Baht 48.84 million or 38.02 percent. This was due to the increase in coal sales volume of 32.45 percent, but the average coal selling price slightly decreased by 5.31 percent.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 29.58 million or 13.30 percent of the total net profit, which increased from the same period last year by Baht 9.53 million or 47.53 percent, despite the decrease in ethanol sales volume and average ethanol selling price of 0.72 and 8.42 percent, respectively, but the cost of ethanol sales decreased by 13.05 percent according to the decrease in molasses price, a raw material and a major cost, of 14.50 percent; and

(1.3) Other revenue and share of income from associated company were Baht 15.48 million or 6.97 percent of the total net profit, which increased from the same period last year by Baht 2.76 million or 21.70 percent, due to the increase in interest received and miscellaneous items.

(2) Net profit of the Company and subsidiary companies in the first 6-month period of 2018 totaled Baht 479.84 million, or net earnings per share of Baht 0.91, which increased from the same period last year by Baht 178.22 million, or an increase of net earnings per share of Baht 0.34 or 59.09 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 385.31 million or 80.30 percent of the total net profit, which increased from the same period last year by Baht 180.36 million or 88 percent. This was due to the increase in coal sales volume of 27.79 percent, but the average coal selling price slightly decreased by 3.56 percent.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 61.96 million or 12.91 percent of the total net profit, which increased from the same period last year by Baht 5.61 million or 9.96 percent, despite the increase in ethanol sales volume and average ethanol selling price from the same period last year by 8.69 and 5.81 percent, respectively, but the cost of ethanol sales decreased by 9.47 percent according to the decrease in molasses price, a raw material and a major cost, of 11.37 percent; and

(2.3) Other revenue and share of income from associated company were Baht 32.57 million or 6.79 percent of the total net profit, which decreased from the same period last year by Baht 7.75 million or 19.22 percent due to the decrease in share of income from associated company and miscellaneous items.

Please be informed accordingly.

Yours faithfully,

For and on behalf of

Lanna Resources Public Company Limited



(Mrs. Petcharat Chayanon)
Chief Officer – Accounting and Finance