

Ref. No. 1161/62E

November 14, 2018

Subject: Clarification on the Operating Results of the 3<sup>rd</sup> Quarter 2018 and the First 9-Month Period of 2018

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results of the 3<sup>rd</sup> quarter 2018 and the first 9-month period of 2018, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 3<sup>rd</sup> quarter 2018 totaled Baht 144.70 million, or net earnings per share of Baht 0.28, which decreased from the same period last year by Baht 104.89 million, or a decrease in net earnings per share of Baht 0.20 or 42.02 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 96.24 million or 66.51 percent of the total net profit, which decreased from the same period last year by Baht 111.97 million or 53.78 percent. Despite the increase in coal sales volume and average coal selling price of 2.47 and 0.33 percent, but cost of selling and administrative expenses of subsidiary companies in Indonesia increased by 23.33 percent.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 36.31 million or 25.09 percent of the total net profit, which increased from the same period last year by Baht 7.25 million or 24.95 percent. Despite the increase in ethanol sales volume of 1.72 percent but average ethanol selling price decreased by 9.55 percent, and the cost of ethanol sales decreased by 15.02 percent according to the decrease of 23.48 percent in molasses price, which is the raw material and a major cost; and

(1.3) Other revenue and share of income from associated company were Baht 12.15 million or 8.40 percent of the total net profit, which decreased from the same period last year by Baht 0.17 million or 1.38 percent, due to the decrease in share of income from the associated company.

(2) Net profit of the Company and subsidiary companies in the first 9-month period of 2018 totaled Baht 624.54 million, or net earnings per share of Baht 1.19, which increased from the same period last year by Baht 73.33 million, or an increase of net earnings per share of Baht 0.14 or 13.30 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 481.54 million or 77.10 percent of the total net profit, which increased from the same period last year by Baht 67.61 million or 16.33 percent. This was due to the increase in coal sales volume of 18.18 percent but the average coal selling price slightly decreased by 2.14 percent.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 98.27 million or 15.73 percent of the total net profit, which increased from the same period last year by Baht 12.85 million or 15.04 percent. Despite the decrease in ethanol sales volume and average ethanol selling price of 5.50 and 7.02 percent, respectively, but the cost of ethanol sales decreased by 11.28 percent according to the decrease of 14.96 percent in molasses price, which is the raw material and a major cost; and

(2.3) Other revenue and share of income from associated company were Baht 44.73 million or 7.17 percent of the total net profit, which decreased from the same period last year by Baht 7.13 million or 13.75 percent due to the decrease in share of income from associated company and revenue from miscellaneous items.

Details of the changes or impacts have been clarified within the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,  
For and on behalf of  
Lanna Resources Public Company Limited



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