LANNA RESOURCES

ANNUAL REPORT 2014







LANNA RESOURCES PUBLIC COMPANY LIMITED

LANNA RESOURCES

CONTENTS

Report of the Board of Directors 1
Board of Directors 3
Company Profile and Other Important Information 6
Investment in the Subsidiary and Associated Companies 7
Shareholders 10
Dividend Payment Policy 12
Policies and Overall Business 13
Business Activities 16
Financial Information 23
Report of the Risk Management Committee and Risk Factors 24
Statement of the Board of Directors' Responsibilities to the Financial Report 31
Report of the Audit Committee 32
Report of the Independent Auditor and Financial Statements 34
Financial Analysis and Operating Results 109
Corporate Social Responsibility 119
Management Structure 132
Internal Control and Risk Management 168
Corporate Governance 170
Audit Fee 174
Related Transactions 193



REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors of Lanna Resources Public Company Limited, I would like to take this opportunity to report to the shareholders with regard to the financial status and operating results of the Company and affiliated companies for the past year 2014, which still had a satisfactory net profit despite the severely falling coal prices and global economic crisis. According to the consolidated financial statements, the Company and its affiliated companies had total revenue of Baht 12,245.70 million with net profit of Bath 430.47 million or net earnings per share of Baht 0.82. In comparison with year 2013, the revenue increased by Baht 81.74 million or an increase of 0.67 percent, and the net profit decreased by Baht 76.93 million or a decrease of 15.16 percent. The revenue proportion from sales of coal and ethanol accounted for 79.55 percent and 20.45 percent, and the net profit proportion from the coal business and the ethanol business accounted for 65.63 percent and 34.37 percent, respectively.

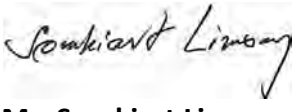
For the coal business which is the Company's core business, the total revenue in 2014 was Baht 9,711.90 million, a decrease from the previous year of Baht 761.18 million or 7.27 percent, and the net profit was Baht 395.66 million, a decrease from the previous year of Baht 213.37 million or 35.03 percent, with a decrease in coal sales volume of 3.45 percent and a decrease in coal sale price of 3.96 percent. The Company currently owns and operates a total of two coal mine concessions in Indonesia with total coal production capacity of approximately 6 million metric tons per year. The remaining concession periods for the first and second coal concession are approximately 16 and 24 years, respectively. Nonetheless, the Company has been actively seeking to invest in the new coal concession projects, and an acquisition of at least one coal concession is expected in 2015. Due to the fact that coal business is still declining considering the abovementioned economic crisis and falling coal prices, the Company needs to prudently and carefully conduct the feasibility study and tries to find an appropriate time to make the investment and acquisition of such coal concession projects. Additionally, the Company is currently conducting a feasibility study on coal-fired power plant projects in Indonesia and Thailand. The Company and subsidiary companies have potential to invest in these projects having its own coal concessions. Not only this will increase coal production and distribution capabilities, the Company can also enjoy good return from such investments with greater profitability in the future. The shareholders shall be informed of the progress accordingly.

For the ethanol business which is the Company's secondary core business, the total revenue in 2014 was Baht 2,496.28 million or an increase from the previous year of Baht 837.23 million or 50.46 percent, having a net profit of Baht 218.75 million, an increase from the previous year of Bath 101.07 million or 85.89 percent. The ethanol sales volume increased by 45.86 percent and the ethanol selling price increased by 3.61 percent. The price of molasses, which is the major cost of ethanol production, increased by 7.21 percent. The ethanol plant, which is located in Dan Chang District, Suphanburi Province, currently has two production lines, with total ethanol production capacity of 350,000 liters per day, using molasses as the main raw materials. Both ethanol production lines have been granted special investment promotion privileges according to the Investment Promotion Act, B.E. 2520.

The Extraordinary General Meeting of Shareholders of Lanna Resources Public Co., Ltd. ("Lanna") No. 1/2013 on September 18, 2013 had approved the spin-off plan for the listing of Thai Agro Energy Public Co., Ltd. ("TAE") in the Stock Exchange of Thailand with newly issued ordinary shares of 200,000,000 shares and ordinary shares originally held by Lanna of 96,037,733 shares, totaling 296,037,733 shares by initial public offering of 191,000,000 shares, or 64.52 percent of the offered shares, and by pre-emptive right of the shareholders of Lanna of 105,037,733 shares, or 35.48 percent of the offered shares at the ratio of 5 Lanna ordinary shares to 1 TAE capital increase ordinary shares at the same price as the offered price of the initial public offering at 2 Baht per share. The objective was to raise fund required for improvement of production and distribution of ethanol for fuel as well as for working capital in the future. Accordingly, all of the above transactions had been completed and the full payment was received on June 2, 2014. Lanna has recognized gain from disposal of such ordinary shares in TAE of Baht 90.27 million in separate financial statements. While the shareholding percentage of Lanna in TAE has decreased from 75.75 percent to 51 percent of the paid-up capital, TAE still remains a subsidiary of Lanna. Accordingly, the trading of ordinary shares of TAE in the Stock Exchange of Thailand has begun since June 5, 2014 and was considered successful.

The Company's overall financial status and liquidity were still considered satisfactory. The current ratio was at 1.94 times but the total debt to total assets ratio was only 34.81 percent and the debt to equity ratio was only 53.39 percent.

The Company's Board of Directors has endeavored to manage the business and resolve any problem with prudence by adhering to the principles of good corporate governance, which has enabled the Company to overcome obstacles and achieve good operating results continuously. Accordingly, the Board of Directors shall prudently and carefully consider investments and business development of the Company for long term stability and sustainability of Company's business operation.



Mr. Somkiart Limsong
Chairman of the Board

BOARD OF DIRECTORS

Lanna Resources Public Company Limited



Mr. Somkiart Limsong

Chairman of the Board



Mr. Paul Heinz Hugentobler

Director



Mr. Vanchai Tosomboon

Director



Mr. Vorathep Rangchaikul

Director

(Since March 4, 2014)



Mr. Tanon Tantisunthorn

Director



Mr. Kraisi Sirirungsi

Director / Executive Chairman



Mr. Suroj Subhasavasdikul

Director / Executive Director



Mr. Visit Tantisunthorn

Director / Executive Director



Mr. Pilas Puntakosol

Director / Executive Director



Mr. Anun Louharanoo

Director / Executive Director / Secretary



Mr. Padoong Techasarintr

Independent Director / Audit Committee Chairman



Mr. Adul Tantharatana

Independent Director / Audit Committee Member



Mrs. Duangkamol Suchato

Independent Dircetor / Audit Committee Member



Mr. Akasit Jirayuwanon

Independent Director

(Appointed on April 22, 2013)

COMPANY PROFILE

Background: Lanna Resources Public Company Limited, Registration No. 0107535000397 (formerly Bor.Mor.Jor. 72), formerly Lanna Lignite Public Company Limited, was initially established as a registered company on the October 4, 1985 and later converted to a public company limited on December 29, 1992. On July 12, 1994, the Company was given permission by the Ministry of Finance to register its ordinary shares for trading in the Stock Exchange of Thailand. The Company is listed in the Resources Group (Energy and Utilities sector). The Company has registered and changed its name to Lanna Resources Public Company Limited since May 17, 2001.

Head Office: 888/99, 9th Floor, Mahathun Plaza Building, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330; Tel.: 0-2253-8080, 0-2253-6820; Fax: 0-2253-6822, 0-2253-5014: Website: *www.lannar.com*; Email: *lanna@lannar.com*

Branch Office: Ayutthaya Coal Distribution Center: 108 Moo 1, Klong Sakae Sub-district, Nakhonluang District, Ayutthaya Province, Tel.: 035-724158; Fax: 035-724158

Type of Business: The Company operates two following main businesses:

(1) Solid Fuel: Core business in the coal production and distribution domestically and overseas

(2) Liquid Bio-Fuel: Secondary business in the ethanol production and distribution for bio-fuel purposes.

REGISTERED AND PAID-UP CAPITAL: 524,999,679 ordinary shares at a par value of Baht 1.00 per share, for a total paid-up registered capital of Baht 524,999,679.

REGISTRAR : Thailand Securities Depository Co., Ltd., 62 Stock Exchange of Thailand Building, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel.: 0-2229-2000, Fax: 0-2654-5649

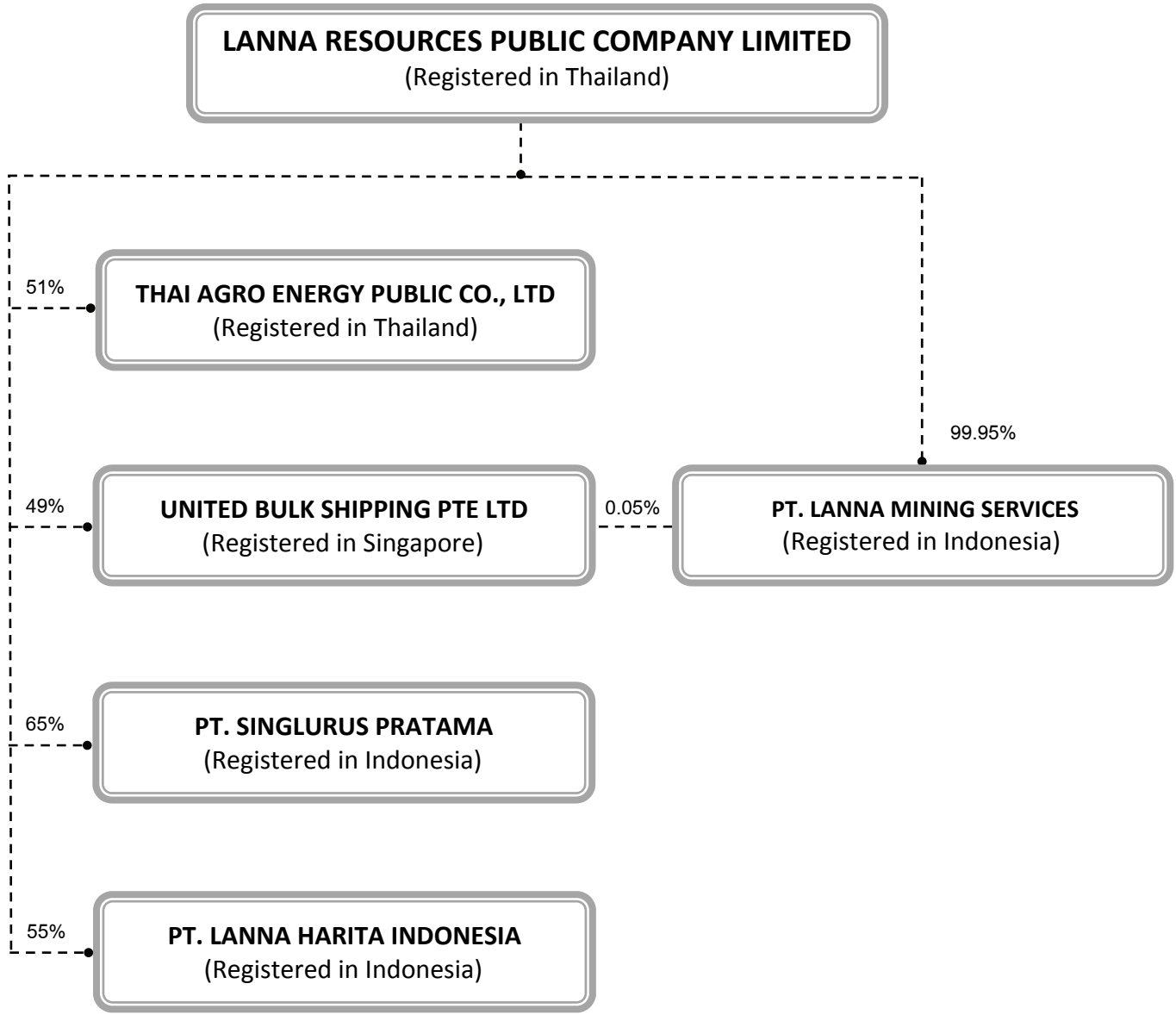
AUDITOR : EY Office Limited, represented by Mrs. Saifon Inkaew, certified public accountants no.4434; and/or Mr. Wichart Lokatekrawee, certified public accountant no. 4451; and/or Miss Siriwan Surathephin, certified public accountant no. 4604, with address at 193/136-137 New Rajadapisek Rd., Bangkok 10110, Tel.: 0-2264-0777, Fax: 0-2264-0789-90

LEGAL ADVISOR: Dharmniti International Co., Ltd., 2/4 Nai Lert Tower, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Tel.: 0-2252-1260, Fax: 0-2252-1104

For more information on the Company Profile, please refer to the Annual Registration Statement (From 56-1) on the Company website (*www.lannar.com*).

INVESTMENT IN THE SUBSIDIARY AND ASSOCIATED COMPANIES

The Company has invested in four subsidiary companies (both direct and indirect shareholding exceeding 50 percent of the paid-up capital) and in one associated company (direct shareholding of less than 50 percent of the paid-up capital), according to the investment structure and profile of each company as at December 31, 2014 below.



Note: Shareholding proportion in each company above represents all shares with voting rights.

THAI AGRO ENERGY PUBLIC CO., LTD. (REGISTERED IN THAILAND)

Location:	888/114 Mahathun Plaza Bldg., 11th Floor, Ploenchit Rd., Pathumwan, Bangkok 10330, Tel.: 02-627-3890-94, Fax: 02-627-3888-89
Type of Business:	Production and Distribution of Ethanol-for-Fuel (99.5% Anhydrous Alcohol) The ethanol is a clean fuel used in 10%, 20% and 85% mixture as Gasohol E10, E20 and E85 for automobiles.
Registered Capital:	1,000,000,000 ordinary shares at Baht 1 per share totaling Baht 1,000,000,000
Paid-up Capital:	1,000,000,000 ordinary shares at Baht 1 per share totaling Baht 1,000,000,000
Company's Shareholding:	510,000,000 ordinary shares at Baht 1 per share totaling Baht 510,000,000
Shareholding Proportion:	Direct shareholding of 51 percent of paid up capital

PT. LANNA MINING SERVICES (REGISTERED IN INDONESIA)

Location:	Kawasan Bisnis Granadha, 8th Floor Jl. Jend Sudirman Kav. 50, Jakarta 12930, Indonesia Tel.: 62(21) 2553-9313, Fax: 62(21) 2553-9314
Type of Business:	Coal Trading
Registered Capital:	21,000 ordinary shares at USD 100 per share totaling USD 2,100,000
Paid-up Capital:	21,000 ordinary shares at USD 100 per share totaling USD 2,100,000
Company's Shareholding:	20,990 ordinary shares at USD 100 per share totaling USD 2,099,000
Shareholding Proportion	Direct and indirect shareholding of 99.975 percent of the paid-up capital

PT. SINGLURUS PRATAMA (REGISTERED IN INDONESIA)

Location:	Kawasan Bisnis Granadha, 8th Floor, Jl. Jend Sudirman Kav. 50, Jakarta 12930, Indonesia Tel.: 62(21) 2553-5036/37; 2553 9876, Fax: 62(21) 2553-9821
Type of Business:	Coal Production and Distribution
Registered Capital:	7,950 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling Indonesian Rupiah 7,950,000,000
Paid-up Capital:	7,950 ordinary shares at Rp. 1,000,000 per share totaling Indonesian Rupiah 7,950,000,000
Company's Shareholding:	5,168 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling Indonesian Rupiah 5,168,000,000
Shareholding Proportion	Direct shareholding of 65 percent of the paid-up capital

PT. LANNA HARITA INDONESIA (REGISTERED IN INDONESIA)

Location:	Kawasan Bisnis Granadha, 8th Floor Jl. Jend Sudirman Kav. 50, Jakarta 12930, Indonesia Tel.: 62(21) 2553-9313, Fax: 62(21) 2553-9314
Type of Business:	Coal Production and Distribution
Registered Capital:	10,500 ordinary shares at USD 1,000 per share totaling USD 10,500,000
Paid-up Capital:	8,000 ordinary shares at USD 1,000 per share totaling USD 8,000,000
Company's Shareholding:	4,400 ordinary shares at USD 1,000 per share totaling USD 4,400,000
Shareholding Proportion	Direct shareholding of 55 percent of the paid-up capital

UNITED BULK SHIPPING PTE. LTD. (REGISTERED IN SINGAPORE)

Location:	50 Raffles Place # 32-01, Singapore Land Tower, Singapore 049623, Tel.: (65) 6536-5355, Fax: (65) 6536-2402
Type of Business:	Ocean Freight Shipping
Registered Capital:	1,000,000 ordinary shares at USD 0.71429 per share totaling USD 714,290
Paid-up Capital:	100,000 ordinary shares at USD 0.71429 per share totaling USD 71,429
Company's Shareholding:	49,000 ordinary shares at USD 0.71429 per share totaling USD 35,000
Shareholding Proportion	Direct shareholding of 49 percent of the paid-up capital

Shareholders

Major shareholders and their respective shareholding percentages as at November 4, 2014, which was the date for listing the names of shareholders having right to receive the interim dividend, are as follows:

	List of Shareholders	Number of Shares	Proportion (%)
(1)	Siam City Cement Public Co., Ltd. Group	238,132,930	45.36
(2)	Mr. Taweechat Chulangkul	43,142,000	8.22
(3)	Sirirungsi Group	42,515,063	8.10
(4)	Tantisunthorn Group	33,447,846	6.37
(5)	Limsong Group	33,433,460	6.37
(6)	Lertpanichayakul Group	5,860,000	1.11
(7)	Wongapisumpho Group	5,672,600	1.08
(8)	Thai NVDR Co., Ltd.	4,967,850	0.95
(9)	Mrs. Uraiphim Sukphisan	3,000,000	0.57
(10)	CACEIS Bank France	2,130,100	0.40
(11)	Other Shareholders	114,827,930	21.47
	Total	**524,999,679**	**100.00**

1. The group of "Siam City Cement Public Co., Ltd." and its executives is the largest shareholder, comprising of Siam City Cement Public Co., Ltd., Mr. Paul Heinz Hugentobler, and Mr. Vanchai Tosomboon, holding a total of 238,132,930 shares or 45.36 percent of the paid-up capital and being all shares with voting right, having three representing directors; namely, Mr. Paul Heinz Hugentobler, Mr. Vorathep Rangchaikul, and Mr. Vanchai Tosomboon, whom are non-executives and non-authorized directors.

2. Mr. Taweechat Chulangkul is the second largest shareholder, holding a total of 43,142,000 shares or 8.22 percent of the paid-up capital and being all shares with voting rights, having no representative as the director and/or executive.

3. The "Sirirungsi" group is the third largest shareholder, comprising of Mr. Kraisi Sirirungsi and Ms. Kraikan Sirirungsi, holding a total of 42,515,063 shares or 8.10 percent of the paid-up capital and being all shares with voting right, having one representing director; namely, Mr. Kraisi Sirirungsi, whom is the Executive Chairman and Company's authorized director.

4. The “Tantisunthorn” group is the fourth largest shareholder, comprising of Mr. Tawee Tantisunthorn, Mr. Visit Tantisunthorn, Mr. Tanat Tantisunthorn, Mrs. Puangpen Tissayakorn, Mr. Boonlieng Tantisunthorn, Mrs. Mullika Intusuth, Mrs. Nalinee Rattanavadi, Mrs. Malee Tantisunthorn, Ms. Wanida Tantisunthorn, Mrs. Sumruay Tantisunthorn, Mr. Phongthai Tantisunthorn, and Ms. Siriphan Tissayakorn, holding a total of 33,447,846 shares or 6.37 percent of the paid-up capital and being all shares with voting right, having two representing directors; namely, Mr. Visit Tantisunthorn, whom is the Executive Director but non-authorized director, and Mr. Tanon Tantisunthorn, whom is a non-executive and non-authorized director.

5. The “Limsong” group is the fifth largest shareholder, comprising of Mstr. Kongphop Limsong, Gypsum Industry Co., Ltd., and Ms. Somsri Limsong, holding a total of 33,433,460 shares or 6.37 percent of the paid-up capital and being all shares with voting right, having one representing director; namely Mr. Somkiart Limsong, whom is the Chairman of the Board but non-authorized director and has no relationship with the management.

6. The “Lertpanichayakul” group is the sixth largest shareholder, comprising of Mrs. Phrapai Lertpanichayakul and Ms. Chotinich Lertpanichayakul, holding a total of 5,860,000 shares or 1.11 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

7. The “Wongapisumpho” group is the seventh largest shareholder, comprising of Mr. Vilerd Wongapisumpho, Mr. Pradit Wongapisumpho, and Mrs. Suwimon Wongapisumpho, holding a total of 5,672,600 shares or 1.08 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

8. Thai NVDR Co., Ltd. is the eighth largest shareholder, holding a total of 4,967,850 shares or 0.95 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

9. Mrs. Uraiphim Sukphisan is the ninth largest shareholder, holding a total of 3,000,000 shares or 0.57 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

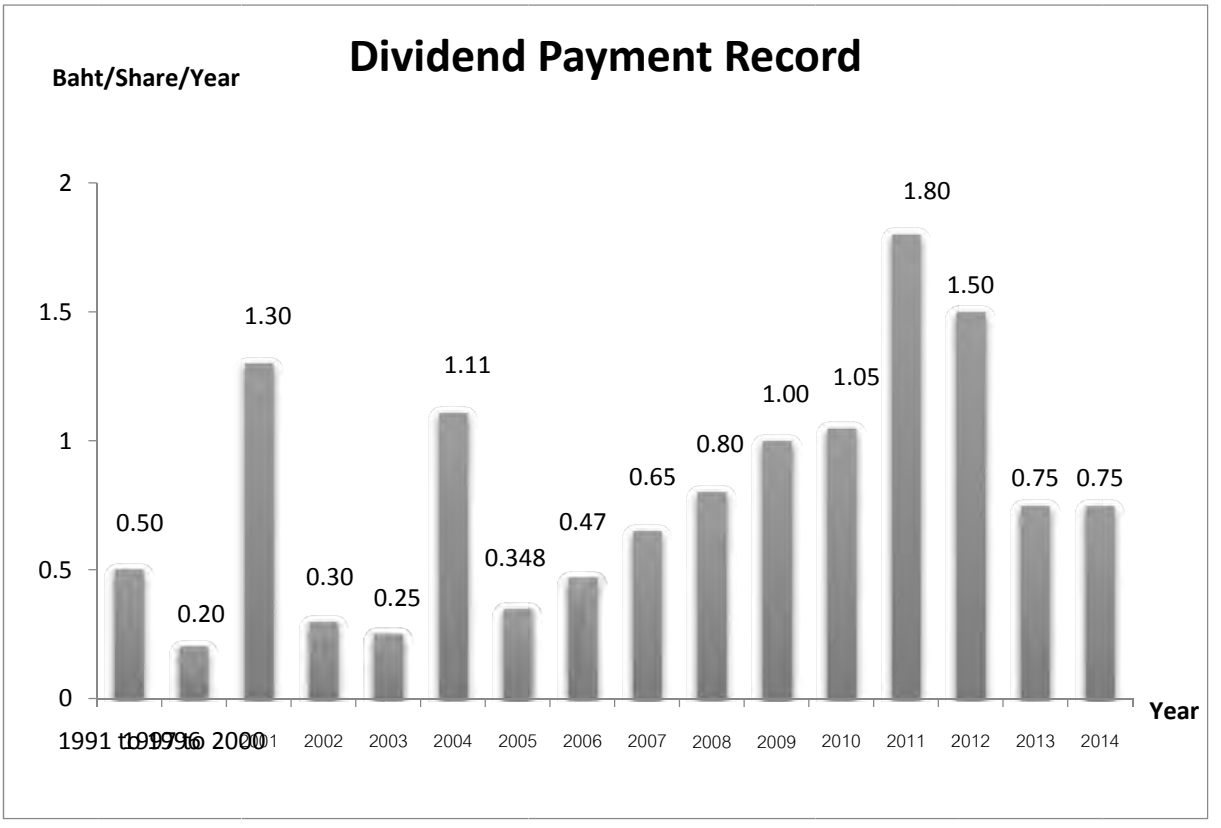
10. CACEIS Bank France is the tenth largest shareholder, holding a total of 2,130,100 shares or 0.40 percent of the paid-up capital and being all shares with voting right, having no representative as the director and/or executive.

The investors may look at the current information on the major shareholders and shareholding proportion (which is the list of shareholders having right to attend the Annual General Meeting of Shareholders Year 2015) from the Company’s website, *www.lannar.com*, prior to the Annual General Meeting of Shareholders Year 2015.

DIVIDEND PAYMENT POLICY

The Company's dividend payment policy to the shareholders: In the case that no additional investment is required and there are no outstanding loans, the Company's dividend payment policy is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any). For the dividend payment of the subsidiary company with Company holding more than 50 percent shares, the dividend payment policy and capital requirement of the Company and the subsidiary will be considered to facilitate the Company for payment of dividend according to above policy.

The dividend payment policy of the subsidiary companies to the Company: In the case that the subsidiary company has no additional investment and no outstanding loans, the subsidiary's dividend policy payment is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any).



Dividend Payment in Year 2014: The Company's net income according to the separate financial statements was at Baht 401.51 million or Baht 0.76 per share. The Board of Directors has proposed for the appropriation of earnings for the purpose of dividend payment to the shareholders at Baht 0.75 per share or 98.07 percent of the net income according to the separate financial statements, which is in line with the Company's dividend payment policy above and higher than the dividend payment ratio of the previous year by 14.01 percent. Regardless, the appropriation of earnings for the purpose of dividend payment above still requires approval of the General Meeting of Shareholders.

Separate Financial Statements	Unit	Y2009	Y2010	Y2011	Y2012	Y2013	Y2014
Net Profit per Share	Baht	1.04	1.07	1.97	1.94	0.87	0.76
Dividend per Share	Baht	1.00	1.05	1.80	1.50	0.75	0.75
Dividend Payment per Net Profit	%	95.84	98.22	91.33	77.24	86.02	98.07

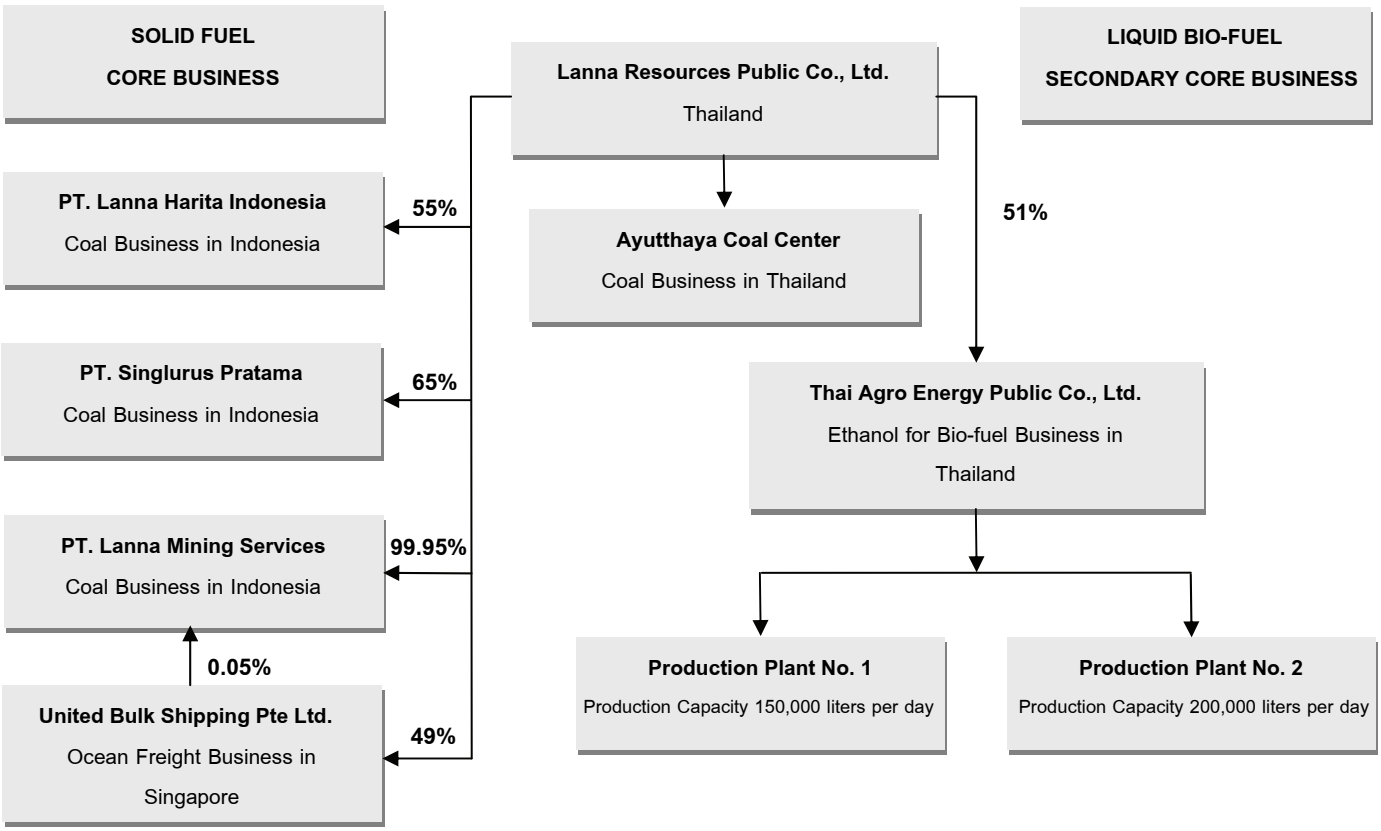
POLICY AND OVERALL BUSINESS

The Company's business operation consists of 2 major categories as follows:

(1) Solid Fuel: Company's core business is in the coal production and distribution domestically and overseas, having coal mine projects located in Indonesia as its base for coal production and distribution activities. In addition, the Company has ocean freight transport service business in Singapore to effectively support and manage coal transport for distribution in the Country or delivery to other countries.

(2) Liquid Bio-Fuel: Company's secondary core business is the ethanol production and distribution used for bio-fuel purpose in the Country. The production and distribution base is located in Dan Chang District, Suphanburi.

Business Structure



Significant Changes

The Extraordinary General Meeting of Shareholders of Lanna Resources Public Co., Ltd. ("Lanna") No. 1/2013 on September 18, 2013 had approved the spin-off plan for the listing of Thai Agro Energy Public Co., Ltd. ("TAE") in the Stock Exchange of Thailand with newly issued ordinary shares of 200,000,000 shares and ordinary shares originally held by Lanna of 96,037,733 shares, totaling 296,037,733 shares by initial public offering of 191,000,000 shares, or 64.52 percent of the offered shares, and by pre-emptive right of the shareholders of Lanna of 105,037,733 shares, or 35.48 percent of the offered shares at the ratio of 5 Lanna ordinary shares to 1 TAE capital increase ordinary shares at the same price as the offered price of the initial public offering at 2 Baht per share. The objective was to raise fund required for improvement of production and distribution of ethanol for fuel as well as for working capital in the future. Accordingly, all of the above transactions had been completed on June 2, 2014. While the shareholding percentage of Lanna in TAE has decreased from 75.75 percent to 51 percent of the paid-up capital, TAE still remains a subsidiary of Lanna. Accordingly, the trading of ordinary shares of TAE in the Stock Exchange of Thailand has begun since June 5, 2014 and was considered successful.

The Company conducts businesses and investments with focus on long-term and sustainable growth. The Vision, Core Value, and Mission for the core business as determined by the Board of Directors are as follows.

VISION

To be one of the coal business leaders in Asia

CORE VALUE

Production and distribution of high-quality coal entrusted by its customers

Mission

- Aim to attain business operation excellence through insisting on building customer satisfaction by paying attention to recommendations as well as making self-assessment and review in order to continually develop and create the best products for a sustainable development of the Company in the future.
- Develop excellent products and services, create new innovation to continue adding values to products and services and find new ways that are utmost beneficial for the customers.
- Develop skillful human resources and acquire modern technology in order to maintain high quality and standard of products and services.
- Adhere to the corporate social responsibility to create and develop long term sustainability for the organization and intend to fight against corruption in every form.
- Become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment, as well as gaining faith from all the stakeholders.

Corporate Culture

Corporate Culture is a set of shared values that brings employees together with the aim of achieving organizational goals. Here, our corporate culture is called 'Lannar Spirit'.

LANNAR SPIRIT is an inspiration that expresses Lanna identify for employees to learn and adhere to. It helps define employees' well behavior and prevent inappropriate behavior. Moreover, it is a way to pass on the corporate value to stakeholders which are shareholders, customers, clients, employees, and society.

L-LEARNING: We prioritize learning as the world is moving faster, becoming smaller and filled with tougher competition in all industry. We must adapt to continue on and compete with others thus learning is the best and important shortcut to news and knowledge of changes in the fast-paced world.

A-ATTITUDE: To stay positive. Attitude is like a pair of glasses. We see things through glasses or attitude. With positive attitude, we see positive side of things and vice versa. By having positive attitude, we have different perspective on opportunities and new experiences in life.

N-NEVER GIVE UP: Never give up to problems or obstacles by finding solutions or turning the situation around by creating opportunity from them.

N-NEW IDEA: Looking out for new ideas in workplace and trying to improve the work that we're doing for the better work environment and better results.

A-ASPIRE TO TEAMWORK: To know the importance of teamwork and work together to share, to help and to achieve the goals together.

R-RESPONSIBILITY: To always take responsibility for

(1) Self: to know the importance of one's role and to achieve the set goals.

(2) Organization: to be responsible to one's role in the organization and work together with others to grow together.

(3) Society: to be responsible for society and environment and to operate business with good corporate governance.

'Lannar Spirit' trainings and activities are continuously provided by the Company in order to encourage learning, raise awareness of corporate culture among employees and for employees to develop expertise in working efficiently and effectively which in the long run drives the Company's sustainable growth.

BUSINESS ACTIVITIES

Domestic Coal Business

The Company imports coal from the joint venture coal mining projects in Indonesia and from other sources for distribution in the domestic market by either direct delivery or for inventory and processing before delivery to the customers. Coal inventory and processing are operated at Ayutthaya Coal Distribution Center, located in Nakornluang District, Ayutthaya Province on an area of 31 rai and 29 square wah, which can support over 200,000 tons of coal inventory. The Company's domestic coal market share in 2014 was approximately 4.68 percent.

The majority of domestic coal consumption in 2014 was mainly by the cement industry at around 35.50 percent with remaining 64.50 percent by electricity production and other industries. It is expected that the consumption of coal, with lower cost per heat unit than other types of fuel, will continue to increase in the future.

Overseas Coal Business

For more than thirteen years, the Company has invested in joint venture coal mining projects in Indonesia, of which coal is imported for distribution to the domestic customers and exported to other countries especially in the Asia region market, such as India, Japan, South Korea, Taiwan and Hong Kong, etc. Coal produced by the Company has good quality with reputable brand and trusted by both domestic and overseas customers. The Company is one of the highly regarded and reliable coal companies in the Asia region.

PT. Lanna Harita Indonesia, a subsidiary company registered in Indonesia with Lanna Resource Public Co., Ltd. holding shares at 55 percent of the paid-up capital, conducts coal mining business operation in Samarinda district, Kutai Regency, in East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and distribution for a period of 30 years (from 2001 to 2031). The coal reserves are estimated at 3.50 million tons. Currently, the production capacity is approximately 3.50 million tons per year.

PT. Singlurus Pratama, a subsidiary company registered in Indonesia, with Lanna Resources Public Co., Ltd. holding shares at 65 percent of the paid-up capital, conducts coal mining business operation in Kutai Regency, East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and distribution for a period of 30 years (from 2009 to 2039). The coal reserves are estimated at 42 million tons. Currently, the production capacity is approximately 2.50 million tons per year.

PT. Lanna Mining Services – a subsidiary company registered in Indonesia with Lanna Resources Public Co., Ltd. holding shares at 99.95 percent of the paid-up capital and United Bulk Shipping Pte. Ltd. holding shares at 0.05 percent of the paid-up capital – conducts coal trading business, sourcing coal from coal resources in Indonesia. Also, the Company intends to invest in the future coal concessions via this company.

United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, with Lanna Resources Public Co., Ltd. holding 49 percent of the paid-up capital, has been established to undertake business in ocean freight transport and ship chartering services, which has effectively managed coal transport services for imported coal into Thailand and coal distribution to other countries at reasonable costs.

Ethanol Business for Bio-Fuel Purpose

Thai Agro Energy Public Company Limited – a subsidiary company registered in Thailand with Lanna Resources Public Company Limited holding shares at 51 percent of the paid-up capital – conducts business in the production and distribution of ethanol (99.5 percent by volume) for bio-fuel purpose. Thai Agro Energy Public Co., Ltd. has two ethanol production plants operating in Dan Chang District, Suphanburi Province consisting of the Production Line No. 1 with a production capacity of 150,000 liters per day and the Production Line No. 2 with a production capacity of 200,000 liters, totaling 350,000 liters per day, utilizing molasses as major raw material. Both ethanol plants have received investment privileges under the Investment Promotion Act B.E. 2520. Ethanol is a clean fuel used for blending with gasoline at 10, 20 and 85 percent to become gasohol, namely E10, E20 and E85, that can be used by automobiles in general. Additionally, the ordinary shares of Thai Agro Energy Public Company Limited has been listed in the Stock Exchange of Thailand and has been traded since June 5, 2014.

REVENUE STRUCTURE

Company's Revenue Structure	Year 2012		Year 2013		Year 2014	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Coal Sales	12,010.26	89.30	10,473.08	86.10	9,711.90	79.31
Revenues from Ethanol Sales	1,349.86	10.04	1,659.05	13.64	2,496.28	20.38
Other Revenues	89.17	0.66	31.83	0.26	37.52	0.31
Total Revenue	13,449.29	100.00	12,163.96	100.00	12,245.70	100.00

Revenue Structure of Subsidiary and Associated Companies	Share-holding %	Year 2012		Year 2013		Year 2014	
		Million Baht	%	Million Baht	%	Million Baht	%
Thai Agro Energy Co., Ltd.	51						
Ethanol Sales Revenue		1,349.86	99.93	1,659.05	99.96	**2,496.28**	**99.83**
Other Revenues		1.01	0.07	0.70	0.04	**4.15**	**0.17**
Total Revenue		1,350.87	100.00	1,659.75	100.00	**2,500.43**	**100.00**
PT. Singlurus Pratama	65						
Coal Sales Revenue		4,635.48	99.94	4,536.21	99.95	**3,571.98**	**99.93**
Other Revenues		2.62	0.06	2.18	0.05	**2.46**	**0.07**
Total Revenue		4,638.10	100.00	4,538.39	100.00	**3,574.44**	**100.00**
PT. Lanna Harita Indonesia	55						
Coal Sales Revenue		4,374.49	99.61	4,573.40	99.87	**4,105.36**	**99.74**
Other Revenues		17.10	0.39	6.07	0.13	**10.50**	**0.26**
Total Revenue		4,391.59	100.00	4,579.47	100.00	**4,115.86**	**100.00**
PT. Lanna Mining Services	99.975						
Coal Sales Revenue		1,126.19	98.64	418.31	97.00	**162.15**	**93.09**
Other Revenues		15.55	1.36	12.94	3.00	**12.04**	**6.91**
Total Revenue		1,141.74	100.00	431.25	100.00	**174.19**	**100.00**
United Bulk Shipping Pte. Ltd.	49						
Ocean Freight Shipping Revenue		1,202.43	99.99	1,005.04	99.99	**1,331.98**	**100.00**
Other Revenues		0.05	0.01	0.15	0.01	-	-
Total Revenue		1,202.48	100.00	1,005.19	100.00	**1,331.98**	**100.00**

COAL BUSINESS

Coal Characteristics

Coal is a fossil fuel, consisting of volatile matter, inherent moisture and important combustible mixture of carbon. After combustion with the volatile matter and inherent moisture driven out, small portion of coal ash remains. Coal is found in various forms or grades based on the contents of heating or calorific value, volatile matter and fixed carbon, representing in descending order of quality in 4 groups from (1) anthracite, (2) bituminous, (3) sub-bituminous, and (4) lignite. The indigenous coal deposits in that have been explored and extensively developed for local industries in Thailand are generally of lignite grade. Imported coal is mostly of bituminous grade which contains higher calorific value than lignite coal produced in Thailand.

The price of coal is usually determined based on the quality of coal, consisting of calorific value, moisture, volatile matter, fixed carbon, ash, sulfur and size.

Coal Production

Coal is formed in several stages from plant remains that have been compacted, hardened, chemically altered and metamorphosed by heat and pressure over millions of years. Therefore, in order to develop a coal mine, coal exploration works are required for the collection and interpretation of geological data in order to learn about the thickness of coal seams, boundary areas of the coal resource, chemical content and quality, and economic reserve estimation. The development of coal deposit is generally based on the information and data obtained from these exploration programs. Accordingly, the production of coal consists of following 3 major steps:

(1) Coal Exploration: The exploration program begins with the preliminary collection and analysis of the land surface and geological data at the target areas. Subsequently, fieldwork includes scout drilling to study the formation and type of soil and rock, and geological structure of the target areas to ascertain that there exists the coal deposit with further assessment of coal quality and reserve estimation for economic analysis to facilitate a decision for further development of the coal mine.

(2) Coal Mining: Before proceeding with coal mining operation, more detail drilling activities are required to collect and interpret necessary information and data of the mining areas; such as, coal reserves and quality for each of the coal seam formations including soil layers. The collected data and information will be used to determine the mine master plan which includes the analysis of mining costs and mining methods, as well as the quantity and areas for overburden removal and coal winning logistics, and also selection of suitable mining equipment and machinery.

(3) Coal Dressing: In order to attain the quality as required by the users or customers, coal extracted from the coal mining operation need to go through coal dressing process which includes crushing, sizing, sorting and washing to remove any contaminations, etc.

Coal Pricing Policy

Coal pricing is mainly determined by its heating value, similar to other type of fuels. Coal sale price for each customer varies depending on certain factors such as order volume, coal specifications such as calorific value, credit term and other conditions specified by the customer. These factors shall be used to determine the coal price fairly and similarly with all the customers. The price for imported coal is based on the agreement with each customer which can either be priced on FOB or CIF basis, or priced as delivered to the customer's factory, etc.

Coal Distribution

For coal distribution in the domestic market, the Company directly sells coal directly to customers without going through agent. As for the overseas market, coal are sold directly to the customers or through coal trading agents, mostly on the credit term basis, of which the Company carefully provides credit terms only for the long time customers with stable financial status. For new customers, the Company protects the risk by having a letter of credit (L/C) opened by the customer. Since the start of operation in 1985, the Company has encountered very few bad debts from the sales of coal.

Competitive Strategy

The Company focuses mainly on the service and quality control of the coal products as its marketing strategy rather than relying on pricing strategy. In addition, the Company has continually developed ways to produce high quality coal by bringing in modern technology for continuing improvement of coal production and operation.

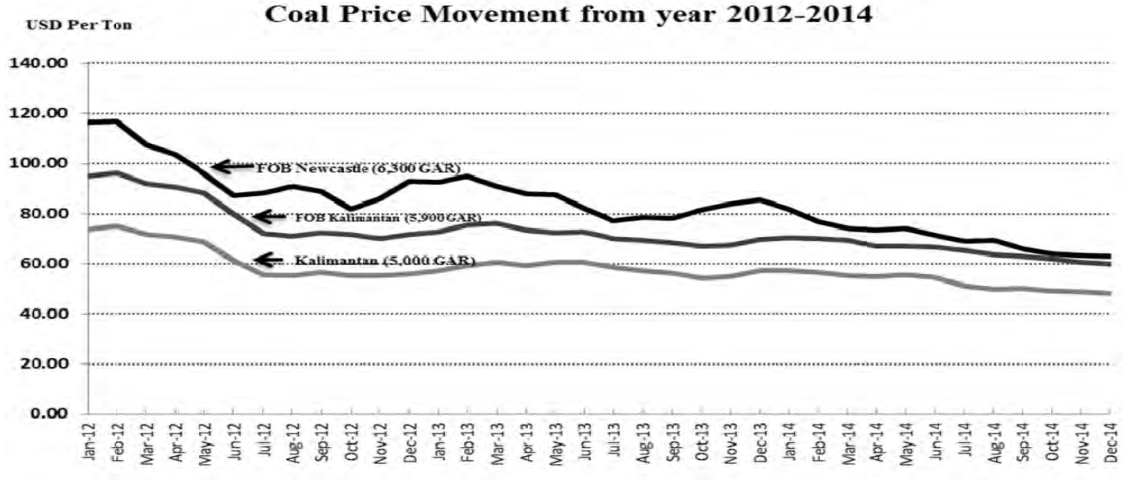
Competition

The domestic coal distribution business has been recognized as an oligopoly market with only a few numbers of operators, having group of large industrial customers. Major competitor for the group of large industrial customers is Banpu Public Co., Ltd. As for the medium and small industrial customers, Energy Earth Public Co., Ltd., Unique Mining Services Public Co., Ltd., and Asia Green Energy Public Co., Ltd. are the main competitors. Since the Company has its own coal deposits with high quality coal and decades of mineable reserves, the Company therefore possesses sufficient competitive advantage and potential.

Industrial Trend

Coal can be used as a substitute for almost every kind of fuel, depending mainly on the convenience of utilization and demand on heating energy. The trend of coal consumption is still growing as the price of oil and other sources of fuel are still significantly more costly than coal. Coal prices has been decreasing significantly since 2012 and it is expected that coal prices in 2015 will still fluctuate at low level due to excess supply of coal but should start to increase around the end of the year 2015 in line with economic condition of the world which should start to recover.

Platts: Coal Trader International (ICT), Year 2012-2014



ETHANOL BUSINESS

Ethanol, also known as ethyl alcohol, is derived from digestion of starch to sugar (in case of starch raw material), and fermentation to convert sugar to alcohol; and then followed by distillation and dehydration to produce alcohol at the desired purity, up to 99.5% by volume. The raw materials of this process are agricultural products of starch and sugar crops, such as cassava, sugar cane, molasses and corn. The molecular formula of ethanol is C_2H_5OH with a boiling point at around 78^{o}C. In general, its properties are transparent liquid, colorless, flammable, and high octane fuel. Since ethanol contains up to 35 percent of oxygen, it can be blended with gasoline at an appropriate amount to produce a clean and complete combustible fuel and reduce air pollution with less formation of hydrocarbon compound, carbon monoxide (CO) and carbon dioxide (CO_2), which is the main cause of green house effect, including reduction of black smoke, aromatics and benzene compound, which should be beneficial to the environment.

Ethanol is used to replace MTBE (Methyl Tertiary Butyl Ether), a fuel additive, to increase the octane value of gasoline. Nonetheless, MTBE is also harmful for causing carbon monoxide in the earth atmosphere and contamination to the underground water supply. As a result, it has been banned by several countries due to its impact on air pollution. Most importantly, Thailand has to spend several billion Baht annually for the import of MTBE.

Production of Ethanol for Fuel

Thai Agro Energy Co., Ltd. produces ethanol for fuel by using molasses and cassava as its main raw material. The ethanol production process consists of four main stages as follows:

(1) Mash Preparation: each type of raw material requires different processes as follows:

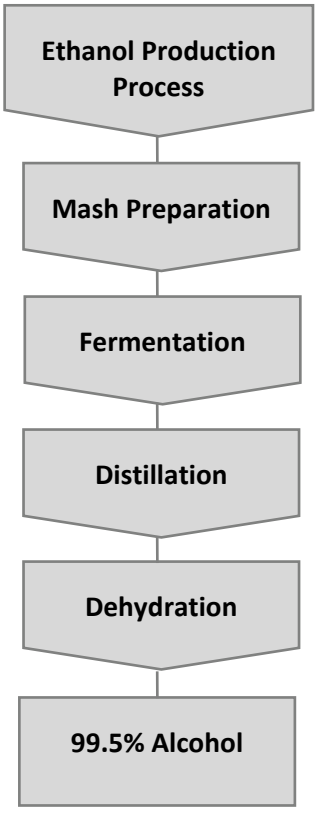
(a) Molasses: Preparation of molasses before fermentation by dilution with water for suitable concentration and added with acidic additive, causing organic substance or salt to settle from the molasses solvent.

(b) Cassavas: Prior fermentation, cassavas are cleaned to eliminate contaminants including metal and dirt. Subsequently, clean cassavas are mashed and mixed with water to make starch paste, then to be digested with enzyme, converting starch to sugar, before proceeding to fermentation.

(2) Fermentation: Solvent from the first stage is fed to fermentation tanks with yeast being added to convert sugar into alcohol.

(3) Distillation: Fermentation mash from the second stage is fed to the distillation column to separate contaminants and water producing about 96 percent pure alcohol which is the maximum concentration that can be achieved through this normal fermentation process. The remaining 4 percent of water shall be removed by the final stage.

(4) Dehydration: The water removal process for producing the dehydrated alcohol from the distillation process into 99.5 percent pure alcohol. Water content is absorbed by zeolites molecular sieves in two dehydration units. The dehydrated alcohol will then be distilled and cooled down before being stored for further distribution.



Ethanol Pricing Policy

The Energy Policy and Planning Office (EPPO) has set reference pricing to be used in the price negotiation between the buyers and sellers. The formula for the reference pricing is based on the average ethanol trade volumes and prices and has been effective since June 2013. The details are as follows:

$$\overline{P}_{Eth} = \frac{\left(\sum_{i=1}^{n} Q_i P_i\right)}{\left(\sum_{i=1}^{n} Qi\right)}$$

$\overline{P}_{Eth}$ is the Reference Ethanol Pricing (Baht per liter) which is announced on the 1st day of the month.

Q_i is the volume of ethanol produced from cassava or molasses that producers sell to oil companies accordingly to section 7 of Fuel Trade Act B.E. 2543.

Q_i is the price of ethanol produced from cassava or molasses that producers sell to oil companies accordingly to section 7 of Fuel Trade Act B.E. 2543.

n is the number of ethanol selling transactions.

The determination of ethanol selling price is based on cost-plus-margin basis. Apart from the reference price announced by EPPO, other factors are considered, including, ethanol raw material price, supply and demand, and domestic and international competition.

Ethanol Sales and Distribution Channels

In compliance with the regulation of the Excise Department, the ethanol product sold to oil companies must undergo denaturation process, in which ethanol of at least 99.5 percent by volume is mixed with gasoline or gasohol of 0.5 percent by volume. The result is denatured ethanol that can be sold to oil companies according to Section 7 of Fuel Trade Act B.E. 2543. The denatured ethanol purchased by the oil companies is then blended with gasoline at 10, 20 or 85 percent to become the Gasohol E10, E20 or E85. While most customers are responsible for the transportation of ethanol, in some cases the sellers are responsible for the transportation to the storages of a few other customers. Most of the sales are on credit term basis, and the customers are large oil companies with stable financial status. Therefore, the risk of bad debt is minimal.

Competitive Strategy

Priorities are to given to service and quality control of the products which have earned customers' trust, making it possible to retain majority of the market share.

Ethanol Industrial Trend

After the ban of Gasoline 91 by the Government since January 1, 2013, the demand for ethanol has been significantly increased; the average ethanol demand per day in 2013 was 2.57 million liters per day, and increased of 87.59 percent from 2012. In 2014, the demand has been continuously increased and reached 3.4 million liters per day at the end of the year. This is due to the fact that the majority of newly manufactured automobiles are able to use Gasohol E20 and E85, and gasohol stations are more widespread nationwide. However, due to the decreased oil price in the global market and the energy price restructuring of the Government in the late 2014, the difference of retail prices between gasoline and gasohol is smaller, resulting in an increase of gasoline demand. Regardless, the Ministry of Energy still promotes the utilization of ethanol with a goal of ethanol usage at 9 million liters per day within 2021 according to the ten-year Alternative Energy Development Plan (2012-2021).

Competition

Currently, ethanol produced to market in Thailand is from 21 plants, with total capacity of 4,190,000 liters per day, and can be categorized from its raw material as follows:

(1) Molasses and sugarcane juice: 11 producers, with total production capacity of 2,210,000 liters per day.

(2) Cassava and molasses: 4 producers, with total production capacity of 700,000 million liters per day.

(3) Cassava: 6 producers, with total production capacity of 1,280,000 liters per day.

Additionally, three ethanol production plants are under construction, with total production capacity of 1,370,000 liters per day. After their completion, the domestic total ethanol production capacity will be 5,5600,000 liters per day. Although the domestic ethanol demand has been increasing continuously and reached 3.4 million liters per day at the end of 2014, it is accounted for 81 percent of the total ethanol production capacity, resulting in an excess ethanol supply. Additionally, with the decreased global oil price to below USD 50 per barrel, ethanol producers are under pressure to decrease their selling prices according to the market.

Market share of TAE has been increasing continuously: from 7.37 percent in 2010 to 13.33 percent in 2012. In 2013, ethanol demand has increased 87.59 percent from 2012, an increase of almost twofold. As a result, the market share of TAE has decreased to 7.12 percent. Regardless, TAE has planned to operate its two ethanol production lines at higher capacity in 2014 and 2015, and its market share should be improved in the following years.

Year	Domestic Ethanol Consumption (Million Liters)	Denatured Ethanol Sales Volume of TAE (Million Liters)	Market Share of TAE (%)
2010	450.15	33.19	7.37
2011	446.51	45.93	10.29
2012	503.04	67.05	13.33
2013	941.75	67.06	7.12
2014	1,179.63	97.80	8.29

Source: Department of Energy Business, Ministry of Energy

FINANCIAL INFORMATION

Details	Consolidated Financial Statements			Separate Financial Statements		
	Y2012	Y2013	Y2014	Y2012	Y2013	Y2014
Financial Status (Unit: Million Baht)						
Total Assets	7, 650	8,664	8,961	2,208	2,365	2,340
Total Liabilities	3,074	3,516	3,119	112	170	137
Issued and Paid-up Capital	350	525	525	350	525	525
Total Shareholders' Equity	4,576	5,148	5,842	2,096	2,195	2,203
Operating Results (Unit: Million Baht)						
Total Revenue	13,449	12,164	12,246	2,588	2,159	2,480
Sales Revenue	13,360	12,132	12,208	1,914	1,788	2,168
Gross Earnings	4,734	3,921	3,529	427	442	461
EBITDA (Earnings before interest, tax, depreciation, & amortization)	2,273	2,137	1,624	840	556	505
Net Earnings	912	507	430	679	458	402
Share Information (Unit: Baht per Share)						
Book Value per Share	10.52	7.74	7.97	5.99	4.18	4.20
Net Earnings per Share	2.60	0.97	0.82	1.94	0.87	0.76
Dividend per Share	1.50	0.75	0.75	1.50	0.75	0.75
Liquidity Ratio						
Current Ratio (times)	1.74	1.73	1.94	11.08	7.88	11.07
Quick Current Ratio (times)	1.08	0.80	0.82	8.70	6.01	9.48
Accounts Receivable Turnover Ratio (times)	13.03	14.11	15.67	13.44	5.42	8.49
Average Debt Collection Period (days)	28	26	23	27	66	43
Inventory Turnover Ratio (times)	22.29	18.30	17.16	7.30	7.60	10.50
Average Selling Period (days)	16	20	21	50	48	35
Accounts Payable Turnover Ratio (times)	16.35	12.41	17.59	22.19	12.34	27.81
Average Debt Payment Period (days)	22	29	21	16	30	13
Cash Cycle (days)	22	17	23	61	84	65
Profitability Ratio						
Gross Profit Margin (%)	35.43	32.32	28.90	22.32	24.74	21.25
EBITDA Margin (%)	16.90	17.57	13.27	32.46	25.75	7.64
Net Profit Margin (%)	10.16	5.97	5.02	26.23	21.21	16.19
Return on Equity (%)	26.22	12.89	10.44	32.38	20.85	18.23
Efficiency Ratio						
Return on Total Assets (%)	18.38	8.77	6.97	30.73	19.36	17.16
Return on Fixed Assets (%)	53.42	59.93	39.47	267.68	159.06	131.07
Assets Turnover Ratio (times)	1.81	1.47	1.39	0.31	0.19	0.17
Financial Policy Ratio						
Debt to Equity Ratio (times)	0.67	0.68	0.53	0.05	0.08	0.06
Interest Coverage Ratio (times)	41.98	35.91	24.53	N/A	N/A	N/A
Dividend Payment Ratio (%)	57.59	77.60	91.47	77.24	86.02	98.07

REPORT OF THE RISK MANAGEMENT COMMITTEE

The Board of Directors has established the Risk Management Committee comprising of nine executives from all the departments whom are authorized to consider problems or risk factors that may possibly impact the operations of the Company and its subsidiary companies. The executives and employees recognize the importance of risk management and are encouraged to take part in risk management development of the Company. Responsibilities regarding various aspects of the risk management are well understood. According to the good corporate governance, effective risk management procedures are established for every aspect of the operations in order to minimize the risks and mitigate their impacts, decrease unpredictability of the overall operations, and promote success. Resources are used effectively for indication, evaluation, and appropriate risk management according to the ever-changing circumstances. The operation results of the committee are periodically reported to the Audit Committee for review and to the Board of Directors for consideration at least once every quarter.

During year 2014, the Risk Management Committee held 12 meetings altogether in order to carry out tasks as assigned by the Board of Directors, to consider and assess possible risks that may occur and establish risk prevention and risk mitigation measures by focusing on effective risk management suitable with the economic, social and environmental situations which may affect current and future business operations of the Company. The report can be summarized as follows:

(1) Consideration of the process and risk management plan in order to ensure that the risk management is efficient and sufficient for the risk level that is acceptable and in line with the operations of the Company and its subsidiary companies.

(2) Consideration of the risk factors, including monitoring and supervision of the risk management in all aspects of the Company and its subsidiary companies by convening the Risk Management Committee's Meeting once every month, to encourage efficiency of the risk management process, as well as providing suggestions which are beneficial to the risk management presently and for the future.

(3) Preparation of a summary report of the Risk Management Committee for presentation to the Board of Directors for its acknowledgement once every quarter.

(4) Risk management policy and significant risk management of the Company and its subsidiary companies have been disclosed in details within the Annual Report 2014.

In the past year 2014, due to the operation of the Risk Management Committee, the risks were able to be controlled to the level which incurred no impact to the operations of the Company and its subsidiary companies. The Committee supervises the risk management responsibly and carefully for the benefits of the Company, shareholders, and all stakeholders.

February 19, 2015
On behalf of the Risk Management Committee



(Mr. Pilas Puntakosol)
Chairman of the Risk Management Committee

RISK FACTORS

Lanna Resources Public Co., Ltd. and its subsidiary companies continuously conduct acceptable risk evaluation and management to prevent and mitigate possible impact as follows.

Risks in Coal Mining Business

(1) Coal Mining Operation and Coal Procurement Risk: Having been granted coal concessions of Coal Contract of Work type for the subsidiary companies, the Company thoroughly conducts proper exploration and assessment activities of the coal deposits to ensure adequate coal reserves for mining. The results of such exploration and assessment are the basis for designing of pit design and mine master plan in accordance with the international principles and standards prior to investment and commencement of coal mining activities. Therefore, risks associated with coal mining operation are mainly from natural occurrences, particularly for the coal deposits in Indonesia which experience heavy rain each year, hampering and delaying coal production and delivery. Accordingly, in order to mitigate such risks, the Company has established policy for the coal operation departments to adequately keep inventory of the finished coals for distribution according to the obligations from advance coal sale agreements.

(2) Coal Price Fluctuation Risk: Coal prices tend to fluctuate similarly to other types of fuel, depending on market demand and supply, with several factors affecting the coal prices. Although coal prices in 2014 continuously fell, a certain portion of coal sales is sold in advance to regulate the production plan. Also, both short-term and mid-term production and coal sales plans are regularly updated in order to minimize any potential negative impact in case of higher production cost. The market and coal price trend are also closely evaluated in order to determine an appropriate timing of coal price negotiation with customers, either for fixed price and index link, to ensure preferable sale price and certain revenue.

(3) Risk in Coal Deliveries: The risk is mostly from unforeseen incidents, for example, heavy rain or serious malfunction of machineries preventing coal production according to the plan which results in late coal delivery to the customers and demurrage incurred. Lanna has placed great emphasis on this matter to ensure continuous operations by having close communication between sales department and production department, and by utilizing information tracking system in order to determine the production capacity, quality, and stock of coal at all times, allowing preemptive change of production and delivery plans. In 2014, no penalty was incurred due to late coal delivery.

(4) Risk from being Dependent on Coal Sales to the Major Customers: A large portion of the Company's revenue is from coal sales of the subsidiary companies in Indonesia. In 2014, the subsidiary companies in Indonesia have been able to find new customers with an aim not to depend on any one customer for more than 30 percent of the sale volume. Additionally, with price of coal lower than other types of fuel, many industrial operators increasingly switches to coal as their source of energy every year, creating supply of new customers.

(5) Risk from Customers' Default on Coal Payment: While most domestic coal sales are sold with credit, the coal sales of the subsidiary companies in Indonesia require a letter of credit. Also, credit terms are only extended to quality customers. Nonetheless, the Company has established a Credit Committee for consideration of credit terms for the customers to carefully screen any credit sales. Furthermore, the Company has also set aside a provision for loss from doubtful debt in its accounts by considering the quality and period of outstanding debt in order to avoid any impact to the financial statements in the future for the case of bad debt.

(6) Fuel Product Substitutes Risk: Comparing the price per heat unit with other substituted fuels, such as fuel oil, diesel oil, and natural gas, the price per heat unit of coal is still significantly lower. Therefore, the risk from fuel product substitutes is still considered very low.

(7) Coal Reserve Variation Risk: In order to mitigate the risk concerning coal reserve depletion, the Company has established a policy for the continuous acquisition of additional coal deposits to compensate the amount of coal extracted each year. Moreover, operational audit is performed with the subsidiary companies. This is to warrant appropriate design and production processes for the geographic regions and ore orientation, ensuring that every process of the production is of international standards and highly efficient and allowing complete commercial utilization of coal reserves, according to the Australasian Code for Reporting Mineral Standards ("JORC Code").

(8) Risk from Mining Contractors' Operation: The subsidiary companies hire mining contractors for coal winning and therefore, if the mining contractors could not perform their operation as planned – for example, procurement of machinery not according to the plan or inadequate maintenance – there would be adverse impact to the coal production and distribution of the Company and the subsidiary companies. Therefore, in order to prevent such risk, only reliable and experienced mining contractors with good work performance history are hired. The mining contracts entered with more than one contractor and are at least with three-year term to ensure that the contractors have sufficient work for their capital acquisition for machinery purchase and working capital. Additionally, a weekly meeting is held with every contractors to update the operating plan and engage in discussion on any issues.

(9) Risk from policy and regulation changes in the Country in which the Company invested: The subsidiary companies may face the risk from changes in regulations and policies from the government of Indonesia which can affect future operation. In 2009, the government of Indonesia has issued the new mining law that may result in changes to terms in the Coal Contract of Work. This might bring higher cost to coal producers in the future. Moreover, the government of Indonesia has introduced law regarding domestic market obligation (DMO) which requires all domestic coal producers to sell a part of their coal to meet the domestic demand and has imposed price regulation which specifies minimum coal selling prices for export coal to prevent coal producers from selling coal at too low price, which would result in a lower royalty fee for the government. Nevertheless, in 2014 the Company and the Government of Indonesia has entered into an agreement to maintain most of the original terms, and therefore these measures have not had significant impact to the Company.

(10) Environmental Risk: The Company and affiliated companies have never neglected the good sense and its responsibility to the society, community and environment. Coal operations of the subsidiary companies must adhere to the mine plan and environmental impact analysis report, which have been approved by the authorities. The mined out land must be rehabilitated for improvement of environment, surrounding and ecology system with plantation of trees which are nature conservation. Improvement of surrounding land for several activities such as agricultural area, water reservoirs, residential area, etc. have been carried out by PT. Lanna Harita Indonesia (LHI) and PT. Singlurus Pratama (SGP), subsidiary companies, operating coal mines in Indonesia, having received environmental-related awards during year 2014 due to their environmental management well above the legislative requirement.

As for the Ayutthaya Coal Distribution Center at Ayutthaya Province, which is the domestic operator, has taken care of the surrounding environment by planting trees around the area to protect against the wind and dust, as well as installing high pressure sprinklers to spray water around the coal stockpile and hauling road areas. Waste water is channeled into the sediment pond so that the sediment will not flow into the public river. Coal hauling trucks are covered with canvases and wheels and tires are cleaned by driving into the water well so to protect them from carrying any scraps onto the public road. Monitoring of air quality and water quality are regularly conducted. In 2014, with an investment of Baht 40 million, a close system of large silos has been constructed for coal storage with a capacity of 6,000 tons, ensuring more effective dust prevention. An additional unit of such system will be constructed in 2015 with an investment of Baht 50 million, eliminating the open storage and allowing a complete close storage with minimum dust dispersion.

Risks in Ethanol Business

Thai Agro Energy Public Co., Ltd. ("TAE"), a subsidiary company in Thailand, conducts its business in the production and distribution of ethanol-for-fuel for blending with the gasoline at different proportions to become the Gasohol for use in automobiles, namely, E10, E20, and E85. The risks being evaluated and managed in order to prevent and mitigate the impact are as follows:

(1) Risk from Procurement of Main Raw Material

(A) Molasses is the main raw material used to produce ethanol, contributing more than 80 percent to the overall ethanol production cost. Being a byproduct from sugar factories, the volume of molasses produced each year depends on the volume of sugarcane entered into the process of the sugar factories in that year; one ton of sugarcane produces about 45 to 50 kilograms, or 4.5 to 5 percent of the processed sugarcane. Factors to the volume of sugarcane entered into the process include: (a) Amount of land used to plant sugarcane, which varies by the price of sugarcane comparing to other crops, and (b) Yield, which varies by the weather each year. TAE has entered into long-term sale and purchase agreements with domestic molasses sellers in order to conclude the volume and delivery schedule of molasses each year. This allows efficient management on molasses inventory and ethanol production. The risk of stoppage or reduced production due to inadequate molasses is also decreased.

(2) Risk from Fluctuation of Main Raw Material

Molasses is the main raw material used to produce ethanol, contributing more than 80 percent to the overall ethanol production cost, and changes on the price of molasses will have a direct impact to the cost of ethanol production. Varying by the supply and demand and following the same direction as sugarcane and sugar, the price of molasses depends on the sugarcane yield each year, which can be affected by the plantation area and weather. If sugarcane yield is low due to the decrease of plantation area or draught, the national production volume of sugar and molasses will decrease, resulting in higher molasses price. Moreover, molasses price is seasonal; the price is low during the harvest season (from November to May of every year) because the market is saturated with molasses, and the price gradually climbs up as molasses in the market decreases. Therefore, if the molasses price jumps up rapidly, the selling cost and the profit margin may be affected since the selling price may not change at the same rate or higher than the increased cost of raw material. Regardless, TAE determines its ethanol price from appropriate cost plus gross profit. Also, molasses price is constantly monitored in order to approximate the production cost correctly and near the actual result. These measures help reduce the risk concerning the fluctuation of molasses price. Additionally, since TAE is one of the first certified ethanol production and distribution operators, the management is deeply knowledgeable and experienced in the industry, and it has a good relationship with molasses producers/distributors. As a result, the molasses price trend can be forecast reliably. With constant and close monitoring on the volume and price of molasses, its procurement is adequate, and the ethanol production cost is competitive. Moreover, the negotiations on the purchases of molasses are done in advance before the harvest season.

(3) Risk from being Dependent on Main Raw Material Seller

TAE purchases molasses from Mitr Phol Sugar Company Limited ("Mitr Phol") as high as 46-50 percent of the total molasses purchase. The reason is that the sugar factory of Mitr Phol is located nearby the production plants of TAE which helps decrease the cost of molasses. However, the purchase of molasses in such high proportion from Mitr Phol bears some risk in case Mitr Phol cannot deliver molasses at the required amount and as scheduled. The Mitr Phol Group also operates ethanol production and distribution business using molasses as raw material. Recognizing such risk, TAE has entered into an agreement with Mitr Phol to purchase molasses at 200,000 tons annually for 15 years, from 2005 to 2019. It also purchases additional molasses from two other molasses distributors in order to decrease its dependence on one vendor, with 5-year-term agreements starting from 2014 to 2018.

(4) Risk from being Dependent on Major Customers

TAE operates ethanol-for-fuel production and distribution business in which the ethanol will be blended with gasoline to produce consumer marketed gasohol. As a result, all of the produced ethanol must be sold to customers that are oil companies as defined by Section 7 of Fuel Trade Act B.E. 2543, which includes twelve oil companies in Thailand. Being an oligopoly, the major buyers or buyers with high ethanol demand have more negotiating leverage in terms of price and selling terms. In 2014, TAE has sold its denatured ethanol to major customers, including, PTT Public Co., Ltd. and Bangchak Petroleum Co., Ltd., or 67 percent of all ethanol sales volume. In case of loss of such customers or reduced purchase volume, the revenue and operating result of TAE might be affected. Accordingly, TAE focuses on continuous keeping of good relationship with current customers and decreasing its dependence on any single customers. Customer base is also expanded in order to ensure ethanol sales target, with optimal terms and prices.

(5) Risk from the Government Policy

On December 15, 2014, the National Policy Council approved the restructuring of fuel price, with key framework and guidelines as follows: (1) Fuel price must reflect the actual cost, (2) Fuel price in transport sector should have similar excise tax, (3) The fuel fund has a mission to maintain the price stability and promote alternative energy, (4) Decrease cross subsidy, (5) Average market value of diesel and gasoline traders should be appropriate and fair, in which the Energy Policy Management Council shall determine the appropriate price, reflecting the actual cost, and (6) Helping individuals with low income and using the tax collected with infrastructure and utility development for the area affected by the usage of fuel. With this restructuring, along with the low global fuel price, the retail price difference of gasohol E91, gasohol E20, and gasohol E85 comparing to gasoline 95 decreases. Thus, the domestic ethanol demand is affected. Concerning the quota imposed to fuel trader to purchase ethanol produced from cassava and molasses, it is in form of collaboration rather than a forced measure. However, if the government imposed such measure, it would be a restriction for ethanol producers who use molasses to expand the domestic ethanol market. Regardless, TAE needs to maintain effective ethanol production and distribution, by focusing on the quality of its product and good relationship with customers, in order to ensure long-term customer base.

(6) Risk from the Utilization of Biogas as Main Fuel for Steam Generation in the Ethanol Production

TAE uses biogas as main fuel for steam and power generation in the ethanol production instead of fuel oil, and the fuel cost has been greatly decreased. Currently, TAE produces 142,000 cubic meters of biogas per day. At full production capacity with its two production lines, the biogas consumption will be at 126,000 cubic meters per day, thus the produced biogas is sufficient for ethanol production. The excess biogas is used in power generation in the 3-megawatt power plant for use in the factory. Regardless, there is some risk from natural disaster, for example, a storm causing damage to the biogas ponds, rendering them dysfunctional and requiring substituted fuel (e.g. fuel oil, palm shell) with higher price than the locally produced biogas. Recognizing such risk,

TAE has strengthened the structure of the biogas ponds and had a dedicated department that closely monitored steps of biogas production. The equipment and machinery are regularly checked to ensure continuous and effective biogas production.

(7) Risk from Environmental Impact

TAE places emphasis on the environment and have concerns about air, water and noise pollution. The quality of air and noise pollution are constantly and rigorously monitored to ensure compliance with the government's regulations. The spent wash, which is the waste water from ethanol distillation, is undergone a treatment system to ensure satisfactory water quality. According to the Zero Discharge practice, the treated spent wash will not be discharged to the public. In the past, TAE never had legal disputes regarding environmental issues since it recognizes the importance of the environment and potential pollution from the abovementioned production process. Moreover, TAE is certified with ISO 14001:2004. It is proven that TAE has a good environmental management according to the required standards.

(8) Risk from the Compliance with the Loan Agreements with Financial Institutions

(8.1) Debt to Equity Ratio (D/E) and Debt Service Coverage Ratio (DSCR) Maintenance

TAE has a long-term loan agreement with a commercial bank, with the remaining loan as at yearend of 2014 of Baht 658 million. Accordingly, TAE is able to follow the terms and maintain its financial ratios as required. TAE also has short-term loan agreements with three commercial banks with the amount totaling Baht 1,350 million for working capital used to purchase molasses as a raw material. As at yearend of 2014, the actual used amount of the short-term loan was Baht 963.15 million. TAE never was in default of the loan agreements.

(8.2) Maintenance of shareholding of Lanna in TAE of no less than 50 percent of all shares during the whole duration of the loan agreement

The lending commercial bank has determined a condition concerning the maintenance of shareholding of Lanna in TAE of no less than 50 percent of all shares during the whole duration of the loan agreement. Therefore, if Lanna sells its shares in TAE and the shareholding proportion in TAE decreases to less than 50 percent of all shares, TAE has the risk of breaching the loan agreement condition, and the lending bank may demand a full repayment of loan, which will ultimately affect the liquidity and the operation of TAE. Accordingly, the management has informed the Board of Directors of Lanna regarding such condition. If Lanna plans to decrease its shareholding proportion in TAE in the future, a written notification is needed to be sent to TAE so that TAE may negotiate with the lending bank without breaching the loan agreement.

(8.3) A written approval from the bank is required before TAE can incur more debt

The lending commercial bank has determined that TAE needs to receive a written approval from the lending bank before it can incur more debt. This may inhibit TAE from sourcing another loan from other commercial bank in the future, and may affect its liquidity. It may also need to rely on the credit from a sole commercial bank, which bear some risk in case that TAE does not receive a financial support from the commercial bank. Accordingly, TAE has considered that the current available short-term loan is adequate for the working capital. Additionally, TAE has been listed in the Stock Exchange of Thailand in midyear of 2014, allowing TAE to seek funding from other sources in the future.

(9) Risk of TAE being unable to pay dividend to shareholders in the future

The lending commercial bank has determined that TAE may not pay dividend to its shareholders if TAE is unable to follow the conditions in the loan agreement – such as, D/E and DSCR maintenance, shareholding of Lanna, etc. – TAE will not be able to pay dividend to its shareholders, including Lanna. In the past, TAE never was unable to follow the terms, and it can maintain the required ratios.

Financial Risk

(1) Loan-Related Risk: Lanna had no loan in year 2014, and therefore, has no risk related to loan. Two subsidiary companies that have engaged in loan used for working capital are as follows:

(a) Thai Agro Energy Public Co., Ltd., a subsidiary company in Thailand, has both short-term and long-term loans as reported in Risks in Ethanol Business.

(b) PT. Singlurus Pratama, a subsidiary company in Indonesia, has an outstanding short-term loan of USD 7.12 million as at yearend of 2014, using the market rate at the time of lending, and therefore has minimal risk concerning the change of the interest rate.

(2) Overseas Investment Risk: Lanna has investments in the subsidiary and associated companies overseas in several currencies including Singapore Dollars, US Dollars and Indonesian Rupiahs, of which are long term investments without definite term period, and therefore, there is currently no risk mitigation in place. If the time of project termination was known, this risk could be managed promptly and appropriately.

(3) Foreign Exchange Risk: Lanna has revenues from coal sales in Thai Baht currency and coal procurements for sales are done in US Dollar currency. While the revenues for coal sales of the subsidiary companies in Indonesia are in US Dollar but their operating expenses are paid in US Dollar and Indonesian Rupiah. As for the associated company in Singapore, the revenues are in US Dollar; however, the operating expenses are paid in US Dollar and Singapore Dollar. As a result, the Company and its affiliates possess foreign exchange related risk from changes of the aforementioned currency values. Accordingly, the Company mitigates the risk related to foreign exchange by entering into forward exchange contracts or deposit of foreign currencies received from coal sales to the Company's various bank accounts as cash reserves for payments of coals or future investments, protecting from possible future foreign exchange risk. In the past year, the foreign exchange is managed satisfactory, and there was no significant impact to the Company and its subsidiary companies.

Other Factors Having Impact on Investment

Apart from the aforementioned transactions, the Company and its subsidiary companies have no commitments or obligations regarding issued shares, warrants, convertible securities, debentures or other types of derivatives currently or in the future, as well as there are no unusual or serious event or important incident that might significantly affect financial status and operating results of the Company and its subsidiary companies.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES TO THE FINANCIAL REPORT

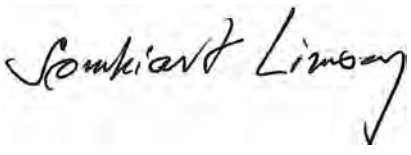
The consolidated financial statements year 2014 of Lanna Resources Public Company Limited and its subsidiary companies have been prepared in accordance with the Notification of the Department of Business Development, regarding to the condensed transactions of the financial statements, effective under the Accounting Act B.E. 2543 and in compliance with the accounting standard established in the Accounting Profession Act B.E. 2547.

The Board of Directors is responsible for the preparation of the financial report of Lanna Resources Public Company Limited and its subsidiaries, assuring that the report of the consolidated financial status, operating results, and cash flows are presented in truth and fairness by having established a correct and complete keeping of the financial records. These financial statements have been prepared in accordance to the generally accepted accounting standard by using accounting policies that are appropriate and corresponding to the business operation, which are undertaken on a regular basis. The Company also considers and maintains adequate provisions for uncertainty items or items that may have significant effect on future operation, by disclosing important information in the Notes to Financial Statements with certified accountant's opinions in the Report of Independent Auditor.

Accordingly, the Board of Directors has appointed the Audit Committee, comprising of independent and non-executive directors with complete qualifications as established by the Securities and Exchange Commission (SEC), to review the financial statements for compliance with the accounting standard; to review the internal control and internal audit system for appropriateness and efficiency; to review that the business operation has been conducted in accordance with the Company's regulations and relevant laws and regulations; and to oversee that there are no conflict of interest; as well as to consider and propose for the appointment of the Company's auditors. The opinions of the Audit Committee are expressed in the Report of the Audit Committee which has been included within the Annual Report 2014.

March 2, 2015

On behalf of the Board of Directors of Lanna Resources Public Company Limited



(Mr. Somkiart Limsong)
Chairman of the Board



(Mr. Kraisi Sirirungsi)
Chief Executive Officer

REPORT OF THE AUDIT COMMITTEE

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors. The Audit Committee independently worked according to the scope and responsibilities assigned by the company board of directors. These were written in the Audit Committee Charter and in accordance with the announcement of the Stock Exchange of Thailand by emphasizing on the good corporate governance.

During the year 2014 the Audit Committee had 9 meetings with the presence of all the committee members in all the meeting. The Audit Committee regularly reported the operating results to the company Board of Directors every quarter. The key points could be summarized as follows:

1. Reviewing the Financial Statement: The Audit Committee in cooperation with the Management of Accounting and the External Auditors reviewed the quarterly and annually financial statements for the year 2014 of the company and its subsidiaries to ensure that the above mentioned statements were duly prepared in conformity with the generally accepted accounting standards with sufficient disclosure of information, complete, transparent, reliable and in accordance with the relevant laws and regulations for the benefit of the investors and the users of the financial statement. There were meetings with the external auditors and the management regularly participated during the year. These were to review the independency and to seek the opinions and observations as well as the guidelines for improvements from the external auditors which could to the company.

2. Internal Control System: The Audit Committee reviewed the sufficiency and appropriateness of the internal control system of the company and its subsidiaries which covered the areas of accounting and finance, assets management, operations, and progress monitoring as well as works in compliance with laws and regulations. There were checking and balancing mechanism by having the independent Internal Audit Office which was sufficiently efficient to safeguard and to take care of the benefits of the shareholders and the relevant parties. The reports of the auditing results carried out by the Internal Audit Office which directly reported to the Audit Committee were also considered. Additionally the auditors had the same opinion that there was no significant errors found during the year 2014. Moreover the internal audit plan and scope for the year 2014 which covering both the company and its subsidiaries were also approved.

3. Reviews the Related Transactions: The Audit Committee reviewed business transactions among the company, its subsidiaries and the related parties including all the transactions which might cause conflict of interests during the year 2014. This was to ensure that they were conducted according to their normal business nature adhering to the best interest of the company. The company has been practicing in accordance with the good corporate governance principles. No benefits were siphoned off. The information was sufficiently disclosed. Moreover the operations were monitored to ascertain that it worked in accordance with the regulations of the Securities Exchange Commission (SEC).

4. Overseeing the Risk Management: The Company has emphasizing in risk management by setting up the policy and guidelines for managing the risks. There were assessments of both internal and external factors which may occur now and in the future. There was a risk management committee consisting of the executives from different departments who has duty in systematically observing the overall risk management of the company. The operation results were reported to the company's board of directors and the audit committee every quarter. The audit committee had given suggestions to improve the risk management process in order to ascertain that the company could control and mitigate the impacts which may affect the achievement of the company' business objectives and kept them at acceptable level. Nevertheless the company has included the information about the risk management system in its annual report.

5. Worked According to the Laws and the Government's Regulations: The Audit Committee oversaw the Company's operations to ensure that they were in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Committee, all the Accounting Standards and other laws which are relevant to the Company's business. Works were carried in accordance with the relevant laws without any impact to the business.

6. Good Corporate Governance: The Company put emphasis on rigorously and continuously managing the works according to the good corporate governance principles. There was Customer Complaints Handing System. All employees were encouraged to work according to the procedures, the regulations and the code of conduct for transparency. As a result the company was considered as having good corporate governance, as a results, it enhanced the confidence of the shareholders, the business partners, the customers and the relevant parties.

7. Appointment of the Auditors and the Fee For the year 2015: the Audit Committee suggested the Management to select the external auditors by considering the qualification and comparison of fees among the leading auditing firms. The Management proposed the appointment of the auditors from the EY Office Limited (formerly named as Ernst & Young Office Limited.) Taking into account the independent, the quality and working standard in carrying out duty, the expertise which were appropriate to the company's business as well as being the qualified auditors according to the announcement of the Securities and Exchange Commission, the Audit Committee agreed to propose to the company Board of Directors for further approval at the General Meeting of shareholders appointments of Mrs. Saifon Inkaew, certified public accountant no. 4434, and/or Mr. Wichart Lokatekrawee, certified public accountant no. 4451, and/or Ms. Siriwan Suratepin certified public accountant no. 4604 of EY Office Limited as the company's auditors for the year 2015 with the auditing fee for the year 2015 of 1,050,000 baht which was the same as last year and still considered reasonable.

The Audit Committee evaluated the performance of the whole committees during the year 2014 in order to review their works which were executed in accordance with the assigned duties and responsibilities. The evaluation topics consisted of the audit committee structure, the knowledge and the capability of the audit committee, the independence of the audit committee, the roles, the duties and the responsibilities of the audit committee as well as the meetings of the audit committee. According to the evaluation results the Audit Committee had an overall opinion that the factors, the qualifications and the works which were carried out in accordance with the scope of authority, duty and responsibility of the audit committee were complete and sufficient in conformity with the audit committee charter and the guidelines set up by the Stock Exchange of Thailand.

In conclusion the Audit Committee had an opinion that the company adhered to the policy of good corporate governance principles with transparent management and having sufficient and appropriate internal control system. Risks were monitored, managed and kept at the acceptable level, The related transactions which may cause conflict of interest were rigorously observed to ensure their compliance to the regulation of the SEC. Additionally there were reviews to ascertain that works were executed in accordance with the relevant laws as well as the financial statements were prepared in conformity with the generally accepted accounting standard.

February 25, 2015
On behalf of the Audit Committee



(Padoong Techasarintr)
Chairman of the Audit Committee

Building a better working world

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Independent Auditor's Report

To the Shareholders of Lanna Resources Public Company Limited

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the early adoption of Thai Financial Reporting Standard Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine. The Company has restated the consolidated financial statements for the year ended 31 December 2013, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated statement of financial position as at 1 January 2013 as comparative information, using the newly adopted accounting policy for stripping costs in the production phase of a surface mine. My opinion is not qualified in respect of this matter.

Saifon I.

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 25 February 2015

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Baht)

		Consolidated financial statements			Separate financial statements	
		31 December	31 December	1 January	31 December	31 December
	Note	2014	2013	2013	2014	2013
			(restated)			
Assets						
Current assets						
Cash and cash equivalents	*8*	446,919,126	822,019,116	1,152,588,131	19,974,894	162,781,836
Current investments	*9*	767,215,793	380,000,000	439,000,000	766,780,898	380,000,000
Trade and other receivables	*7, 10*	723,944,446	864,118,312	865,838,067	255,488,245	329,590,051
Inventories	*11*	564,295,398	447,197,108	460,788,961	162,576,700	177,067,105
Input tax refundable		983,831,012	888,652,412	558,442,414	6,016,485	4,971,900
Prepaid income tax		403,674,450	584,946,998	321,703,093	-	95,676
Advance payments for goods	*7, 12*	669,758,140	419,494,851	78,423,478	3,436,620	87,089,520
Other current assets		8,910,512	28,315,796	35,354,536	2,037,258	1,742,266
Total current assets		4,568,548,877	4,434,744,593	3,912,138,680	1,216,311,100	1,143,338,354
Non-current assets						
Restricted bank deposits	*8*	87,488,458	60,162,181	66,377,364	-	-
Investments in subsidiaries	*13*	-	-	-	754,565,961	852,763,211
Investment in associated company	*14*	50,249,536	38,930,294	34,560,855	890,679	890,679
Investment properties	*15*	34,726,037	34,726,037	34,726,037	34,726,037	34,726,037
Property, plant and equipment	*16*	3,388,360,564	3,240,456,966	2,847,833,083	270,550,665	251,638,553
Goodwill		185,999,788	185,999,788	185,999,788	-	-
Intangible assets	*17*	4,904,603	3,374,913	3,945,583	1,055,365	1,415,072
Deferred tax assets	*30*	45,688,391	42,634,660	52,712,010	19,251,615	18,237,639
Other non-current assets	*18*	595,564,424	623,384,964	768,396,264	42,914,361	61,756,838
Total non-current assets		4,392,981,801	4,229,669,803	3,994,550,984	1,123,954,683	1,221,428,029
Total assets		8,961,530,678	8,664,414,396	7,906,689,664	2,340,265,783	2,364,766,383

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: Baht)

		Consolidated financial statements			Separate financial statements	
		31 December	31 December	1 January	31 December	31 December
	Note	2014	2013	2013	2014	2013
			(restated)			
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	*19*	1,197,731,299	996,307,831	513,000,000	-	-
Trade and other payables	*7, 20*	462,802,641	677,372,135	751,146,728	61,390,913	109,014,918
Current portion of liabilities under finance lease agreements	*21*	915,810	-	-	-	-
Current portion of long-term loan from financial institution	*22*	180,000,000	180,000,000	180,000,000	-	-
Accrued expenses		365,725,782	552,002,924	614,090,205	19,342,737	17,942,679
Income tax payable		8,783,144	30,056,691	26,528,222	8,783,144	12,613,671
Other current liabilities		134,876,203	121,727,821	187,839,518	20,405,099	5,521,660
Total current liabilities		2,350,834,879	2,557,467,402	2,272,604,673	109,921,893	145,092,928
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion	*21*	4,326,054	-	-	-	-
Long-term loan from financial institution - net of current portion	*22*	477,757,191	657,757,191	540,000,000	-	-
Provision for long-term employee benefits	*23*	167,434,808	156,141,009	176,265,497	27,483,644	24,573,278
Provision for mine reclamation and decommissioning costs	*24*	84,942,643	114,092,782	85,426,274	-	-
Deferred tax liabilities	*30*	33,896,247	30,579,240	50,956,830	-	-
Total non-current liabilities		768,356,943	958,570,222	852,648,601	27,483,644	24,573,278
Total liabilities		3,119,191,822	3,516,037,624	3,125,253,274	137,405,537	169,666,206

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: Baht)

		Consolidated financial statements			Separate financial statements	
		31 December	31 December	1 January	31 December	31 December
	Note	2014	2013	2013	2014	2013
			(restated)			
Liabilities and shareholders' equity (continued)						
Shareholders' equity						
Share capital						
Registered, issued and fully paid up						
524,999,679 ordinary shares of Baht 1 each						
(1 January 2013: 350,000,000 ordinary shares						
of Baht 1 each)		524,999,679	524,999,679	350,000,000	524,999,679	524,999,679
Share premium		680,400,000	680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings						
Appropriated - Statutory reserve	*26*	52,500,000	52,500,000	35,000,000	52,500,000	52,500,000
Appropriated - General reserve		727,200,000	650,600,000	495,900,000	727,200,000	650,600,000
Unappropriated		2,154,008,032	2,193,890,063	2,392,446,321	217,760,567	286,600,498
Other components of shareholders' equity		44,980,321	(37,625,949)	(146,001,533)	-	-
Equity attributable to owners of the Company		4,184,088,032	4,064,763,793	3,807,744,788	2,202,860,246	2,195,100,177
Non-controlling interests of the subsidiaries		1,658,250,824	1,083,612,979	973,691,602	-	-
Total shareholders' equity		5,842,338,856	5,148,376,772	4,781,436,390	2,202,860,246	2,195,100,177
Total liabilities and shareholders' equity		8,961,530,678	8,664,414,396	7,906,689,664	2,340,265,783	2,364,766,383

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

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (restated)	2014	2013
Revenues					
Sales	*7*	12,208,178,843	12,132,133,949	1,974,489,793	1,584,006,527
Commission and marketing service income	*7*	-	-	193,935,353	203,517,746
Other income					
Dividend income	*7, 13, 14*	-	-	140,683,375	267,433,623
Gain on disposal of investment in subsidiary	*13*	-	-	90,657,693	-
Service income	*7*	-	-	55,028,650	63,219,874
Gain on exchange		-	-	2,334,593	17,528,552
Interest income	*7*	25,255,203	21,378,009	17,764,744	17,320,528
Others		12,270,046	10,447,738	5,292,524	5,634,644
Total other income		37,525,249	31,825,747	311,761,579	371,137,221
Total revenues		12,245,704,092	12,163,959,696	2,480,186,725	2,158,661,494
Expenses					
Cost of sales	*7*	8,679,656,954	8,211,361,773	1,707,550,139	1,345,278,970
Selling and distribution expenses		2,083,944,803	2,263,524,266	167,791,561	150,734,219
Administrative expenses		565,827,117	506,424,336	127,457,728	138,313,409
Loss on exchange		24,331,524	180,096,732	-	-
Total expenses	*29*	11,353,760,398	11,161,407,107	2,002,799,428	1,634,326,598
Profit before share of profit from investment, finance cost and income tax expenses		891,943,694	1,002,552,589	477,387,297	524,334,896
Share of profit from investment in associated company	*14*	23,243,551	15,730,958	-	-
Profit before finance cost and income tax expenses		915,187,245	1,018,283,547	477,387,297	524,334,896
Finance cost		(66,206,752)	(61,613,908)	-	-
Profit before income tax expenses		848,980,493	956,669,639	477,387,297	524,334,896
Income tax expenses	*30*	(234,568,944)	(229,959,896)	(75,877,469)	(66,577,009)
Profit for the year		614,411,549	726,709,743	401,509,828	457,757,887
Profit attributable to:					
Equity holders of the Company		430,467,728	507,393,630	401,509,828	457,757,887
Non-controlling interests of the subsidiaries		183,943,821	219,316,113		
		614,411,549	726,709,743		
Basic earnings per share	*32*				
Profit attributable to equity holders of the Company		0.82	0.97	0.76	0.87

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Profit for the year	614,411,549	726,709,743	401,509,828	457,757,887
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	9,873,486	169,249,105	-	-
Other comprehensive income for the year	9,873,486	169,249,105	-	-
Total comprehensive income for the year	624,285,035	895,958,848	401,509,828	457,757,887
Total comprehensive income attributable to:				
Equity holders of the Company	436,568,871	615,769,214	401,509,828	457,757,887
Non-controlling interests of the subsidiaries	187,716,164	280,189,634		
	624,285,035	895,958,848		

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements									
		Equity attributable to owners of the Company									
							Other component of equity				
							Other comprehensive income				
							Exchange differences on translation of financial statements in foreign currency	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
				Retained earnings							
				Appropriated							
	Note	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated					
Balance as at 31 December 2012											
- as previously reported		350,000,000	680,400,000	35,000,000	495,900,000	2,266,118,226	(146,001,533)	(146,001,533)	3,681,416,693	894,455,675	4,575,872,368
Cumulative effect of change in accounting policy	*4*	-	-	-	-	126,328,095	-	-	126,328,095	79,235,927	205,564,022
Balance as at 31 December 2012											
- as restated		350,000,000	680,400,000	35,000,000	495,900,000	2,392,446,321	(146,001,533)	(146,001,533)	3,807,744,788	973,691,602	4,781,436,390
Dividend paid	*33*	174,999,679	-	-	-	(533,749,888)	-	-	(358,750,209)	-	(358,750,209)
Unappropriated retained earnings transferred to statutory reserve	*26*	-	-	17,500,000	-	(17,500,000)	-	-	-	-	-
Unappropriated retained earnings transferred to general reserve	*33*	-	-	-	154,700,000	(154,700,000)	-	-	-	-	-
Profit for the year - restated		-	-	-	-	507,393,630	-	-	507,393,630	219,316,113	726,709,743
Other comprehensive income for the year		-	-	-	-	-	108,375,584	108,375,584	108,375,584	60,873,521	169,249,105
Total comprehensive income for the year - restated		-	-	-	-	507,393,630	108,375,584	108,375,584	615,769,214	280,189,634	895,958,848
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	(170,268,257)	(170,268,257)
Balance as at 31 December 2013											
- as restated		524,999,679	680,400,000	52,500,000	650,600,000	2,193,890,063	(37,625,949)	(37,625,949)	4,064,763,793	1,083,612,979	5,148,376,772

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements											
		Equity attributable to owners of the Company											
							Other component of equity						
				Retained earnings			Other comprehensive income						
				Appropriated									
	Note	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	Exchange differences on 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													
- as previously reported		524,999,679	680,400,000	52,500,000	650,600,000	2,132,462,544	(37,625,949)	-	-	(37,625,949)	4,003,336,274	1,039,362,580	5,042,698,854
Cumulative effect of change in accounting policy	*4*	-	-	-	-	61,427,519	-	-	-	-	61,427,519	44,250,399	105,677,918
Balance as at 31 December 2013													
- as restated		524,999,679	680,400,000	52,500,000	650,600,000	2,193,890,063	(37,625,949)	-	-	(37,625,949)	4,064,763,793	1,083,612,979	5,148,376,772
Dividend paid	*33*	-	-	-	-	(393,749,759)	-	-	-	-	(393,749,759)	-	(393,749,759)
Unappropriated retained earnings transferred to general reserve	*33*	-	-	-	76,600,000	(76,600,000)	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	430,467,728	-	-	-	-	430,467,728	183,943,821	614,411,549
Other comprehensive income for the year		-	-	-	-	-	6,101,143	-	-	6,101,143	6,101,143	3,772,343	9,873,486
Total comprehensive income for the year		-	-	-	-	430,467,728	6,101,143	-	-	6,101,143	436,568,871	187,716,164	624,285,035
Adjustment of capital reserve for share-based payment transactions	*27*	-	-	-	-	-	-	-	556,451	556,451	556,451	-	556,451
Disposal of investment in subsidiary and issuance of additional ordinary shares of subsidiary	*13*	-	-	-	-	-	-	75,948,676	-	75,948,676	75,948,676	499,542,735	575,491,411
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	-	(112,621,054)	(112,621,054)
Balance as at 31 December 2014		524,999,679	680,400,000	52,500,000	727,200,000	2,154,008,032	(31,524,806)	75,948,676	556,451	44,980,321	4,184,088,032	1,658,250,824	5,842,338,856

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

		Separate financial statements					
				Retained earnings			
				Appropriated			
	Note	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	Total shareholders' equity
Balance as at 1 January 2013		350,000,000	680,400,000	35,000,000	495,900,000	534,792,499	2,096,092,499
Dividend paid	*33*	174,999,679	-	-	-	(533,749,888)	(358,750,209)
Unappropriated retained earnings transferred to statutory reserve	*26*	-	-	17,500,000	-	(17,500,000)	-
Unappropriated retained earnings transferred to general reserve	*33*	-	-	-	154,700,000	(154,700,000)	-
Total comprehensive income for the year		-	-	-	-	457,757,887	457,757,887
Balance as at 31 December 2013		524,999,679	680,400,000	52,500,000	650,600,000	286,600,498	2,195,100,177
Balance as at 1 January 2014		524,999,679	680,400,000	52,500,000	650,600,000	286,600,498	2,195,100,177
Dividend paid	*33*	-	-	-	-	(393,749,759)	(393,749,759)
Unappropriated retained earnings transferred to general reserve	*33*	-	-	-	76,600,000	(76,600,000)	-
Total comprehensive income for the year		-	-	-	-	401,509,828	401,509,828
Balance as at 31 December 2014		524,999,679	680,400,000	52,500,000	727,200,000	217,760,567	2,202,860,246

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Cash flows from operating activities				
Profit before tax	848,980,493	956,669,639	477,387,297	524,334,896
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	709,212,350	1,120,676,486	27,201,582	31,504,713
Reduction of inventory to net realisable value (reversal)	20,844,351	(9,702,516)	-	-
Gain on disposals and change in value of investments in trading securities	(3,523,373)	-	(3,088,478)	-
Share of profit from investment in associated company	(23,243,551)	(15,730,958)	-	-
Write-off of input tax refundable and prepaid income tax	152,987,498	-	-	-
Allowance for impairment loss on investment in subsidiary	-	-	2,159,517	-
Gain from disposal of investment in subsidiary	-	-	(90,657,693)	-
Gain on disposal of equipment	(698,061)	(3,692,647)	(20,819)	(3,692,647)
Loss on write-off of equipment and intangible assets	446,012	1,865,557	-	-
Loss on write-off of deferred stripping costs	66,430,663	198,037,492	-	-
Dividend income	-	-	(140,683,375)	(267,433,623)
Provision for long-term employee benefits	18,203,284	4,204,896	2,910,366	1,831,695
Provision for mine reclamation and decommissioning costs (reversal)	(924,460)	46,782,156	-	-
Share-based payment transactions	556,451	-	-	-
Unrealised loss (gain) on exchange	90,882,127	39,444,035	(1,136,746)	(5,676,263)
Interest income	(25,255,203)	(21,378,009)	(17,764,745)	(17,320,528)
Interest expenses	63,665,366	59,511,344	-	-
Profit from operating activities before changes in operating assets and liabilities	1,918,563,947	2,376,687,475	256,306,906	263,548,243
Operating assets (increase) decrease				
Trade and other receivables	145,330,308	4,365,406	14,910,109	(121,511,389)
Inventories	(137,942,641)	23,294,369	14,490,405	26,545,631
Input tax refundable	(197,731,674)	(330,209,998)	(1,044,585)	(3,121,540)
Advance payments for goods	(250,272,051)	(341,071,373)	83,644,138	(77,972,868)
Other current assets	19,405,284	7,038,740	(294,992)	(313,329)
Operating liabilities increase (decrease)				
Trade and other payables	(181,654,485)	(122,193,342)	(50,217,142)	38,205,564
Accrued expenses	(183,482,731)	(65,163,010)	1,400,058	1,286,857
Other current liabilities	19,006,142	(85,507,924)	1,344,972	(296,646)
Provision for long-term employee benefits	(4,249,128)	(2,244,584)	-	-
Provision for mine reclamation	(26,533,867)	(27,674,137)	-	-
Cash from operating activities	1,120,439,104	1,437,321,622	320,539,869	126,370,523

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Cash flows from operating activities (continued)				
Interest income	24,970,559	18,732,358	17,478,981	14,677,892
Cash paid for interest expenses	(66,370,056)	(51,209,054)	-	-
Refund of income tax	132,950,856	39,223	95,676	36,502
Cash paid for income tax	(330,193,278)	(537,446,419)	(67,183,505)	(42,135,397)
Net cash from operating activities	881,797,185	867,437,730	270,931,021	98,949,520
Cash flows from investing activities				
Decrease (increase) in current investments	(383,692,420)	59,000,000	(383,692,420)	59,000,000
Decrease (increase) in restricted bank deposits	(27,052,358)	10,943,483	-	-
Dividend received from subsidiaries and associated company	11,924,309	11,361,519	201,287,148	206,829,850
Cash received from disposal of investment in subsidiary	-	-	186,695,426	-
Proceeds from disposals of equipment	2,271,669	3,756,331	34,373	3,756,331
Cash received from government grants	8,615,394	12,338,181	-	-
Acquisitions of property, plant and equipment	(378,339,431)	(455,336,066)	(25,185,408)	(39,831,917)
Acquisitions of computer software	(1,021,330)	(989,261)	(111,741)	(731,462)
Decrease (increase) in other non-current assets	(554,941,116)	(991,345,300)	958,974	(3,584,288)
Net cash from (used in) investing activities	(1,322,235,283)	(1,350,271,113)	(20,013,648)	225,438,514
Cash flows from financing activities				
Increase in short-term loans from financial institutions	201,423,468	775,838,461	-	-
Repayment of long-term loan from financial institution	(180,000,000)	(180,000,000)	-	-
Cash paid for liabilities under finance lease agreements	(42,857)	-	-	-
Dividend paid	(525,767,040)	(509,622,239)	(393,749,759)	(358,750,209)
Cash received from non-controlling interest from change in the percentage of shareholding in subsidiary	575,491,411	-	-	-
Increase in non-controlling interests of the subsidiaries	3,772,343	60,873,521	-	-
Net cash from (used in) financing activities	74,877,325	147,089,743	(393,749,759)	(358,750,209)
Increase (decrease) in translation adjustments	(9,564,661)	5,174,654	-	-
Net decrease in cash and cash equivalents	(375,125,434)	(330,568,986)	(142,832,386)	(34,362,175)
Cash and cash equivalents at beginning of year	822,019,116	1,152,588,131	162,781,836	197,144,040
Effect of change in foreign exchange rate on cash at bank balance	25,444	(29)	25,444	(29)
Cash and cash equivalents at end of year (Note 8)	446,919,126	822,019,116	19,974,894	162,781,836

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Supplemental cash flows information:				
Non-cash transactions from investing activities				
Increase (decrease) in accounts payable from purchases of plant, equipment and intangible assets	(39,921,257)	48,364,615	2,586,889	3,638,857
Acquisitions of equipment under finance lease agreements	5,195,000	-	-	-
Accrued receipt from government grants	4,871,798	-	-	-
Transferred other non-current assets to intangible assets	2,874,505	-	-	-
Transferred property, plant, and equipment to intangible assets	-	30,000	-	30,000
Increase in property, plant and equipment from recording of decommissioning costs	-	24,704,091	-	-
Increase (decrease) in dividend receivable from subsidiary	-	-	(60,603,773)	60,603,773
Non-cash transactions from financing activities				
Increase (decrease) in dividend payable	(19,396,227)	19,396,227	-	-
Issue of stock dividend	-	174,999,679	-	174,999,679

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

Lanna Resources Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General 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 lignite. The registered office of the Company is at 888/99 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lanna Resources Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				2014	2013
				Percent	Percent
Held by the Company					
Local subsidiary					
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Direct holding and common directors	Thailand	51.00	75.75
Overseas subsidiaries					
PT. Lanna Mining Services	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00
PT. Citra Harita Mineral	Service in coal production and port and jetty service	Direct holding and common directors	Indonesia	55.00	55.00

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				2014	2013
				Percent	Percent
Held by associated company					
PT. Lanna Mining Services	Coal distribution	Direct holding	Indonesia	0.05	0.05

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the shareholders' equity.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

g) The excess of the cost of investment in a subsidiary company over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as "Goodwill" and separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).

2.3 The separate financial statements, which present investments in subsidiaries and associated company under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 *Financial Reporting in Hyperinflationary Economies*
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company and its subsidiaries believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This financial reporting standard interpretation establishes the accounting for stripping costs in the production phase of a surface mine. This TFRIC requires the stripping costs during the production phase are capitalised as part of the deferred stripping costs if, and only if, all of the following are met:

a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the subsidiaries.

b) The subsidiaries can identify the component of the ore body for which access has been improved.

c) The costs relating to the stripping activity associated with that component can be measured reliably.

The deferred stripping costs shall be initially recognised at cost and subsequently stated at cost less accumulated amortisation, which is calculated using the proportion of unit produced to total reserves, and allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

The Group has early adopted this TFRIC which resulted in the initial recognition of deferred stripping costs and subsequent amortisation is determined by reference to components of the ore body rather than by reference to the entire operation. In addition, the amortisation of deferred stripping costs shall be calculated using the proportion of unit produced rather than using the stripping ratios. The cumulative effect of this TFRIC is shown in Note 4 to financial statements.

4. Cumulative effect of changes in accounting policy due to the adoption of new financial reporting standard

During the current year, the Group made the changes described in Note 3 to the financial statements to its significant accounting policy, as a result of the early adoption of TFRIC 20. The cumulative effect of the change in the accounting policy has been separately presented in the consolidated statements of changes in shareholders' equity.

The amounts of adjustments affecting the consolidated statements of financial position and the consolidated statements of income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
Statements of financial position			
Increase (decrease) in inventories	(49,451)	16,695	(41,529)
(Decrease) in deferred tax assets	(15,027)	(26,215)	(37,142)
Increase in other non-current assets	123,672	134,274	335,192
Increase in deferred tax liabilities	7,239	19,076	50,957
Increase in non-controlling interests of the subsidiaries	21,691	44,250	79,236
Increase in unappropriated retained earnings	30,264	61,428	126,328

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the year ended 31 December 2014	For the year ended 31 December 2013
Statements of income		
Increase in cost of sales	76,747	142,694
Decrease in income tax expenses	23,024	42,808
Decrease in profit attributable to non-controlling interest of the subsidiaries	22,560	34,986
Decrease in profit attributable to equity holders of the Company	31,163	64,900
Decrease in basic earnings per share (Baht)	0.06	0.12

5. Significant accounting policies

5.1 Revenue Recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Income from coal sales are recorded according to the weight as recorded at the Company's site or the customer's site. Adjustments of the sales price due to quality and weight considerations are recoginised in the month in which notification is received from customers.

Commission and marketing service income

Commission and marketing service income are recognised on an accrual basis when overseas subsidiaries sell coal to the buyer who the Company provides to subsidiaries.

Service income

Service income is recognised on an accrual basis when overseas subsidiary sells coal which is produced from its concession area to the buyer.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

5.4 Inventories

Inventories are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of finished goods and work in process includes cost of material, labour and overheads.

Supplies and spare parts are value at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in inventory value is provided for the excess of cost over the net realisable value of inventories and for slow moving or deteriorated inventories.

Net realisable value is selling price in normal course of business less other costs incurred to sell the goods.

5.5 Investments

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

b) Investment in associated company is accounted for in the consolidated financial statements using the equity method.

c) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

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

5.6 Investment properties

Investment properties, which are plots of land, are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.7 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

The cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing an item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 10 years
Building and amenities	5 - 30 years
Machinery and equipment	4 - 30 years
Furniture and office equipment	3 - 15 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction and installation, land improvement of a local subsidiary and land, except for mining land which is depleted in accordance with the difference between its purchase cost and fair value and on the basis of units produced in proportion to the total coal reserves.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.8 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible asset with finite useful lives, which is computer software, has useful lives of 3 - 10 years.

5.9 Other non-current assets

Assets under exploration for and evaluation of mineral resources

Exploration and evaluation expenditures of the subsidiaries involve expenditures relating to the search for mineral resources after the subsidiaries have obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource such as license costs, expenditures from topographical, geological, geochemical and geophysical studies, exploratory drilling expenditure and sampling expenditure.

Exploration and evaluation expenditures are recorded as assets except for administration expenditures that are not directly attributable to the specific area are charged to profit or loss. Following the initial recognition, exploration and evaluation assets are stated at cost less allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

Exploration and evaluation assets are classified as part of deferred exploration and development costs when proven reserves of the specific area are completely determined.

Deferred exploration and development costs

Development expenditures and incorporated costs before the production stage, which are net of proceeds from the sale of coal extracted during the development phase, are capitalised as deferred exploration and development costs. When the mine construction project moves into the production stage, deferred exploration and development costs are amortised as expenses in accordance with the proportion of units produced to total coal reserves.

Deferred stripping costs

Stripping costs/overburden removal expenses during the development phase of the mine are capitalised as part of the deferred stripping costs.

Stripping costs during the production phase are capitalised as part of the deferred stripping costs if, and only if, all of the following are met:

a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the subsidiaries.

b) The subsidiaries can identify the component of the ore body for which access has been improved.

c) The costs relating to the stripping activity associated with that component can be measured reliably.

The deferred stripping costs shall be initially recognised at cost and subsequently stated at cost less accumulated amortisation, which is calculated using the proportion of unit produced to total reserves, and allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

5.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, a subsidiary and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and the subsidiary. The fund's assets are held in a separate trust fund and the Company's and the subsidiary's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by professionally qualified independent actuaries based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, immediately as an expense in profit or loss for the year 2011.

5.16 Government grants related to assets

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as a deducting to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

5.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.18 Provision for mine reclamation and decommissioning costs

The subsidiaries recognise a provision for mine reclamation and decommissioning costs where an obligation exists. The estimated amount of the eventual costs relating to the site restoration and reclamation is discounted to its present value. Such costs are included in profit or loss based on the unit-of-production method on the total estimated reclamation and decommissioning costs over the total proven reserves.

5.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.20 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Coal reserve estimates

The subsidiaries determine coal reserve based on best estimate of product that can be economically extracted from the relevant mining area. Such determination is made based on various assumptions including stripping ratios, production costs, transport costs, coal prices and exchange rates.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

Allowance for impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Provision for mine reclamation and decommissioning costs

The majority of the decommissioning and reclamation costs is incurred at the end of a mine's life. In determining a provision for such costs, the management needs to make judgement regarding the expected future costs to be incurred, the timing of these expected future costs, largely dependent on the life of the mine, and the estimated future level of inflation.

Litigation

The subsidiaries have contingent liabilities as a result of litigation. The management has used judgement to assess the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

7. Related party transactions

During the years, 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 those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Transactions with subsidiaries (eliminated from the consolidated financial statements)				
Purchase of coal	-	-	-	82,342
Dividend income	-	-	128,759	256,072
Commission and marketing service income	-	-	193,935	203,518
Service income	-	-	55,029	63,220
Interest income	-	-	2,578	-
Transactions with major shareholder				
Sales of coal	1,687,974	1,371,420	1,687,974	1,371,420
Transactions with associated company				
Purchase of coal	1,156,065	747,928	1,156,065	747,928
Freight charge	229,904	159,634	229,904	159,634
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 plus 4.5% per annum

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade and other receivables - related parties (Note 10)				
Major shareholder	143,073	169,098	143,073	169,098
Subsidiaries	-	-	76,044	138,977
Total trade and other receivables - related parties	143,073	169,098	219,117	308,075
Advance payments for goods - related parties (Note 12)				
Subsidiary	-	-	-	87,090
Associated company	3,437	-	3,437	-
Total advance payment for goods - related parties	3,437	-	3,437	87,090
Trade and other payables - related parties (Note 20)				
Subsidiaries	-	-	-	5,544
Associated company	1,366	3,652	1,366	3,652
Total trade and other payables - related parties	1,366	3,652	1,366	9,196

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	170,492	175,403	60,564	62,045
Post-employment benefits	15,537	685	2,314	1,288
Total	186,029	176,088	62,878	63,333

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.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	180	180	40	40
Bank deposits	534,227	832,001	19,935	112,742
Investments in bill of exchange and bond of the Bank of Thailand	-	50,000	-	50,000
Total	534,407	882,181	19,975	162,782
Less: Restricted bank deposits	(87,488)	(60,162)	-	-
Total	446,919	822,019	19,975	162,782

As at 31 December 2014, bank deposits in saving accounts, fixed deposits and short-term investments carried interests between 0.10 and 9.75 percent per annum (2013: between 0.02 and 9.50 percent per annum).

As at 31 December 2014, the overseas subsidiaries have restricted bank deposits of USD 2.7 million or approximately Baht 87 million (2013: USD 1.8 million or approximately Baht 60 million) as collateral for the credit facilities of trust receipt and to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 19 and Note 36.5, respectively.

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Investments in trading securities - fair value	267,216	-	266,781	-
Fixed deposit	150,000	-	150,000	-
Investments in bills of exchange	350,000	380,000	350,000	380,000
Total	767,216	380,000	766,781	380,000

During the year 2014, the Company and its subsidiary recognised gains on the sales of trading securities amounting to Baht 3.2 million (the Company only: Baht 2.8 million) and, as at 31 December 2014, the Company and its subsidiary recognised gain on valuation of trading securities amounting to Baht 0.3 million (the Company only: Baht 0.3 million) in profit or loss.

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

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables - related parties				
Age on the basis of due dates				
Not yet due	143,073	169,098	160,109	192,631
Past due				
Up to 3 months	-	-	22,671	31,707
Over 3 months to 6 months	-	-	13,772	-
Over 6 months to 9 months	-	-	1	-
Total trade receivables - related parties	143,073	169,098	196,553	224,338
Trade receivables - unrelated parties				
Age on the basis of due dates				
Not yet due	558,203	684,138	31,074	16,588
Past due				
Over 9 months to 12 months	3,698	-	-	-
Total trade receivables - unrelated parties	561,901	684,138	31,074	16,588
Total trade receivables	704,974	853,236	227,627	240,926
Other receivables				
Other receivables - related parties	-	-	22,564	83,737
Other receivables - unrelated parties	13,897	6,163	226	211
Advances	464	394	464	394
Interest receivable	4,609	4,325	4,607	4,322
Total other receivables	18,970	10,882	27,861	88,664
Total trade and other receivables	723,944	864,118	255,488	329,590

The overseas subsidiary has pledged its accounts receivable to the bank as collateral for the credit facilities of trust receipt. As at 31 December 2014, the balance of accounts receivable totalling Rupiah 45,000 million or approximately Baht 118.7 million (2013: Rupiah 61,000 million or approximately to Baht 163.3 million) were placed as collateral for such credit facilities.

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013 (restated)	2014	2013	2014	2013 (restated)
Coal and work in process	458,698	349,462	(20,844)	-	437,854	349,462
Finished goods - Ethanol	10,044	20,807	-	-	10,044	20,807
Work in process - Ethanol	12,761	10,183	-	-	12,761	10,183
Raw materials - Molasses	81,944	43,397	-	-	81,944	43,397
Supplies	15,491	16,177	-	-	15,491	16,177
Spare parts	6,201	7,171	-	-	6,201	7,171
Total	585,139	447,197	(20,844)	-	564,295	447,197

(Unit: Thousand Baht)

	Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Coal	162,577	177,067	-	-	162,577	177,067
Total	162,577	177,067	-	-	162,577	177,067

During the current year, a subsidiary reduced cost of inventories by Baht 20.8 million, which was included in cost of sales, to reflect the net realisable value (2013: a subsidiary reversed the write-down of cost of inventories by Baht 9.7 million and reduced the amount of inventories recognised as expenses during the year).

12. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Advance payments for goods - related parties	3,437	-	3,437	87,090
Advance payments for goods - unrelated parties	666,321	419,495	-	-
Total advance payments for goods	669,758	419,495	3,437	87,090

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 31 December 2014, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 629.2 million (2013: Baht 366.9 million).

13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Cost - net		Dividend received for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)								
Local subsidiary												
Thai Agro Energy Public Co., Ltd.	Baht 1,000 million	Baht 800 million	51.00	75.75	510,000	606,038	-	-	510,000	606,038	51,000	78,785
Overseas subsidiaries												
PT. Lanna Mining Services (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	-	-	70,889	70,889	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626	18,626	-	-	18,626	18,626	-	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	-	-	155,023	155,023	77,759	177,287
PT. Citra Harita Mineral (Incorporated in Indonesia)	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187	2,187	(2,159)	-	28	2,187	-	-
Total					756,725	852,763	(2,159)	-	754,566	852,763	128,759	256,072

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.

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 subsidiaries

The Company has 4 overseas subsidiaries in which the Company has shareholding percentage between 55.00% and 99.95% and, as at 31 December 2014, such subsidiaries had unappropriated retained earnings of the Company's portion totaling USD 41.7 million or approximately Baht 1,432.8 million. The Group may have obligations regarding withholding tax deducted at source in Indonesia when the subsidiaries pay dividends from such amount in the future.

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.

14. Investment in associated company

14.1 Detail of associated company

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Consolidated financial statements: Carrying amounts based on equity method		Separate financial statements: Cost	
	2014	2013	2014 (%)	2013 (%)	2014	2013	2014	2013
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	SGD 0.1 million	SGD 0.1 million	49	49	50,250	38,930	891	891
Total					50,250	38,930	891	891

14.2 Share of profit and dividend received

During the years, the Company recognised its share of profit from investment in associated company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements: Share of profit from investment in associate for the years ended 31 December		Separate financial statements: Dividend received for the years ended 31 December	
	2014	2013	2014	2013
United Bulk Shipping Pte. Ltd.	23,244	15,731	11,924	11,362

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2014 and 2013 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

The Company's management believes that the management accounts of the associated company would not be significantly different from the account audited by its auditor.

14.3 Summarised financial information of associated company

Financial information of the associated company is summarised below.

(Unit: Thousand Baht)

Company's name	Paid up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit for the years ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
United Bulk Shipping Pte. Ltd.	SGD 0.1 million	SGD 0.1 million	257,640	155,540	155,520	77,172	1,313,109	945,157	47,436	32,104

15. Investment properties

The net book value of investment properties as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2014	2013
Cost	37,496	37,496
Less: Accumulated depreciation	(1,200)	(1,200)
Less: Allowance for diminution in value	(1,570)	(1,570)
Net book value	34,726	34,726

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2014	2013
Net book value at beginning of year	34,726	34,726
Disposal - net book value on disposal date	-	-
Net book value at end of year	34,726	34,726

As at 31 December 2014, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 34.7 million (2013: Baht 34.7 million). The Company is considering making use and/or selling such assets to other parties. However, for some plots of land and land improvement which the Company had considered their net realisable value to be less than the net book value, the Company had set up allowance for impairment of such assets of Baht 1.6 million (2013: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2014 is Baht 51.6 million (2013: Baht 51.6 million), which is determined based on the price appraised by the Department of Land.

16. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2013	346,435	65,045	101,065	315,947	2,165,059	91,954	50,974	471,669	3,608,148
Additions	6,655	-	3,715	318,818	23,506	5,730	68	170,014	528,506
Disposals/write-off	(251)	-	-	(812)	(15,551)	(4,766)	(1,230)	-	(22,610)
Transfer in (transfer out)	-	-	1,907	9,352	15,588	582	-	(27,459)	(30)
Cash received from government grants	-	-	-	-	(6,338)	-	-	(6,000)	(12,338)
Translation adjustment	1,165	-	1,151	3,896	29,742	3,363	946	8,082	48,345
31 December 2013	354,004	65,045	107,838	647,201	2,212,006	96,863	50,758	616,306	4,150,021
Additions	3,701	-	4,281	3,208	5,985	4,947	9,335	319,186	350,643
Disposals/write-off	(1,446)	-	-	(202)	(4,383)	(3,509)	(685)	-	(10,225)
Transfer in (transfer out)	-	-	4,484	32,014	188,675	1,391	-	(226,564)	-
Cash received from government grants	-	-	-	-	(13,487)	-	-	-	(13,487)
Translation adjustment	79	-	79	1,751	2,073	227	65	547	4,821
31 December 2014	356,338	65,045	116,682	683,972	2,390,869	99,919	59,473	709,475	4,481,773

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation									
1 January 2013	-	65,045	24,660	42,864	528,695	62,619	36,432	-	760,315
Depreciation for the year	-	-	3,213	19,330	115,561	13,122	4,501	-	155,727
Accumulated depreciation of the disposed and written-off assets	-	-	-	(176)	(15,441)	(3,834)	(1,230)	-	(20,681)
Translation adjustment	-	-	1,151	497	10,213	2,027	315	-	14,203
31 December 2013	-	65,045	29,024	62,515	639,028	73,934	40,018	-	909,564
Depreciation for the year	-	-	3,425	48,442	124,259	10,988	3,751	-	190,865
Accumulated depreciation of the disposed and written-off assets	-	-	-	(103)	(4,032)	(3,396)	(674)	-	(8,205)
Translation adjustment	-	-	79	75	836	168	30	-	1,188
31 December 2014	-	65,045	32,528	110,929	760,091	81,694	43,125	-	1,093,412
Net book value									
31 December 2013	354,004	-	78,814	584,686	1,572,978	22,929	10,740	616,306	3,240,457
31 December 2014	356,338	-	84,154	573,043	1,630,778	18,225	16,348	709,475	3,388,361

Depreciation for the year

2013 (Baht 110 million included in manufacturing cost, and the balance in selling and administrative expenses)	155,727
2014 (Baht 169 million included in manufacturing cost, and the balance in selling and administrative expenses)	190,865

Separate financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2013	180,000	65,045	28,122	5,345	80,044	26,442	12,099	3,737	400,834
Additions	-	-	3,715	1,300	11,118	2,123	-	25,371	43,627
Disposal/write-off	-	-	-	-	(15,128)	(1,864)	(1,230)	-	(18,222)
Transfer in (transfer out)	-	-	1,907	-	-	582	-	(2,519)	(30)
31 December 2013	180,000	65,045	33,744	6,645	76,034	27,283	10,869	26,589	426,209
Additions	-	-	4,281	2,979	501	1,949	-	18,038	27,748
Disposal/write-off	-	-	-	-	(110)	(1,670)	(20)	-	(1,800)
Transfer in (transfer out)	-	-	4,485	22,186	17,795	-	-	(44,466)	-
31 December 2014	180,000	65,045	42,510	31,810	94,220	27,562	10,849	161	452,157
Accumulated depreciation									
1 January 2013	-	65,045	8,503	1,090	77,088	19,754	12,081	-	183,561
Depreciation for the year	-	-	3,213	295	2,535	3,118	6	-	9,167
Accumulated depreciation of the disposed and written-off assets	-	-	-	-	(15,128)	(1,800)	(1,230)	-	(18,158)
31 December 2013	-	65,045	11,716	1,385	64,495	21,072	10,857	-	174,570
Depreciation for the year	-	-	3,425	548	2,047	2,797	6	-	8,823
Accumulated depreciation of the disposed assets/write-off	-	-	-	-	(110)	(1,657)	(20)	-	(1,787)
31 December 2014	-	65,045	15,141	1,933	66,432	22,212	10,843	-	181,606
Net book value									
31 December 2013	180,000	-	22,028	5,260	11,539	6,211	12	26,589	251,639
31 December 2014	180,000	-	27,369	29,877	27,788	5,350	6	161	270,551

Depreciation for the year

2013 (included in selling and administrative expenses)	9,167
2014 (included in selling and administrative expenses)	8,823

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2014 amounting to approximately Baht 1,183 million (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 19 and Note 22.

During the year 2014, a subsidiary recorded receipt for a subsidy of Baht 13.5 million (2013: Baht 12.3 million) from the subsidy agreement with the Energy Conservation Promotion Fund under “Biogas Technology for Industry Project". The subsidy included accrued receipt for the subsidy of Baht 4.9 million which subsequently received on 7 January 2015. However, the subsidy is required to comply with the terms under the agreements.

As at 31 December 2014, a subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 5 million (2013: Nil).

As at 31 December 2014, the Company and subsidiaries had certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 231 million (2013: Baht 196 million) (the Company only: Baht 98 million, 2013: Baht 89 million).

17. Intangible assets

Details of intangible assets which are computer software are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2013	9,806	4,122
Additions	888	576
Transfer in	30	30
Write-off	(4)	(4)
Translation adjustment	43	-
31 December 2013	10,763	4,724
Additions	991	135
Transfer in	2,874	-
Write-off	(235)	(235)
31 December 2014	14,393	4,624
Accumulated amortisation		
1 January 2013	5,860	2,607
Amortisation for the year	1,488	705
Accumulated amortisation of the written-off assets	(3)	(3)
Translation adjustment	43	-
31 December 2013	7,388	3,309
Amortisation for the year	2,335	495
Accumulated amortisation of the written-off assets	(235)	(235)
31 December 2014	9,488	3,569
Net book value		
31 December 2013	3,375	1,415
31 December 2014	4,905	1,055

18. Other non-current assets

Other non-current assets have been shown net of related accumulated amortisation as at 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Deferred expenses - Indonesia coal mine project	401,453	398,514	-	-
Deferred stripping costs	134,419	146,406	-	-
Deferred transferred service fees according to contract	33,919	51,803	33,919	51,803
Others	25,773	26,662	8,995	9,954
Total other non-current assets	595,564	623,385	42,914	61,757
Amortisation expenses for the year	516,012	963,461	17,884	21,632

Deferred expenses - Indonesia coal mine project

A reconciliation of the net book value of deferred expenses - Indonesia coal mine project for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Exploration and evaluation assets	Deferred exploration and development costs	Total
As at 1 January 2013	33,461	290,351	323,812
Increase during the year	192	116,689	116,881
Amortisation for the year	-	(65,246)	(65,246)
Translation adjustment	2,384	20,683	23,067
As at 31 December 2013	36,037	362,477	398,514
Increase during the year	-	69,257	69,257
Transfer out	-	(2,874)	(2,874)
Amortisation for the year	-	(65,258)	(65,258)
Translation adjustment	164	1,650	1,814
As at 31 December 2014	36,201	365,252	401,453

Deferred stripping costs

A reconciliation of the net book value of deferred stripping costs for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2014	2013
Net book value at beginning of year - as previously reported	12,132	13,953
Cumulative effect from the change in accounting policy (Note 4)	134,274	335,192
Net book value at beginning of year - restated	146,406	349,145
Increase during the year - restated	486,647	870,887
Write-off during the year - restated	(66,431)	(198,037)
Amortisation for the year - restated	(432,870)	(876,583)
Translation adjustment	667	994
Net book value at end of year	134,419	146,406

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 stipulate 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 agreed 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.

19. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements	
	2014	2013
Promissory notes	831,210	604,684
Trust receipts	366,521	297,504
Short-term loans from financial institution	-	94,120
Total	1,197,731	996,308

As at 31 December 2014, the local subsidiary had short-term loans from financial institution in the form of promissory notes of Baht 831.2 million (2013: Baht 604.7 million), which bear interests between 3.6 and 3.9 percent per annum (2013: between 3.7 and 4.1 percent per annum). The loan amounting to Baht 831.2 million (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 16.

Two subsidiaries entered into the credit facilities agreements with two financial institutions of Baht 200 million and USD 7.9 million. As at 31 December 2014, the subsidiaries had outstanding balance of trust receipts of Baht 131.9 million and USD 7.1 million, totaling Baht 366.5 million (2013: Baht 140 million and USD 4.8 million, totaling Baht 297.5 million), with interest rates of 3.52 percent per annum and 6.0 percent per annum, respectively (2013: 3.7 percent per annum and 6.34 percent per annum, respectively).

As at 31 December 2014, trust receipts of USD 7.1 million or approximately Baht 234.6 million (2013: USD 4.8 million or approximately Baht 157.5 million) are secured by pledge of restricted deposit and accounts receivable of USD 0.6 million or approximately Baht 19.8 million and Rupiah 45,000 million or Baht 118.7 million, respectively, (2013: secured by pledge of accounts receivable of Rupiah 61,000 million or approximately Baht 163.3 million) as discussed in Note 8 and Note 10, respectively, 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.

As at 31 December 2013, the overseas subsidiary had short-term loans from financial institution of USD 2.9 million or approximately Baht 94.1 million with interest at the rate of 3.74 percent per annum, which were repayable in 2014.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables - related parties	1,366	3,652	1,366	3,652
Trade payables - unrelated parties	413,738	568,163	51,615	93,359
Other payables - related parties	-	-	-	5,544
Other payables - unrelated parties	47,699	105,557	8,410	6,460
Total trade and other payables	462,803	677,372	61,391	109,015

21. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements of a subsidiary as at 31 December 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements
Liabilities under finance lease agreements	6,679
Less: Deferred interest expenses	(1,437)
Total	5,242
Less: Current portion	(916)
Liabilities under finance lease agreements - net of current portion	4,326

The subsidiary has entered into the finance lease agreements with leasing company for rental of vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

As at 31 December 2014, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,456	5,223	6,679
Deferred interest expenses	(540)	(897)	(1,437)
Present value of future minimum lease payments	916	4,326	5,242

22. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated financial statements	
	2014	2013
Long-term loan from financial institution	657,757	837,757
Less: Current portion	(180,000)	(180,000)
Long-term loan from financial institution - net of current portion	477,757	657,757

Movements in the long-term loan from financial institution during the year ended 31 December 2014 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2014	837,757
Less: Repayment during the year	(180,000)
Balance as at 31 December 2014	657,757

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 16.

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 several covenants which, among other things, require the subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreement.

As at 31 December 2014, the subsidiary could maintain certain financial ratios as specified in the annex of the loan agreement (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).

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and its subsidiaries, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	156,141	176,265	24,573	22,742
Current service cost	23,204	28,420	1,692	1,527
Interest cost	13,325	10,078	1,219	1,067
Benefits paid during the year	(4,249)	(2,245)	-	-
Actuarial gain	(18,326)	(34,292)	-	(763)
Translation adjustment	(2,660)	(22,085)	-	-
Defined benefit obligation at end of year	167,435	156,141	27,484	24,573

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	23,204	28,420	1,692	1,527
Interest cost	13,325	10,078	1,219	1,067
Actuarial gain recognised during the year	(18,326)	(34,292)	-	(763)
Total expenses recognised in profit or loss	18,203	4,206	2,911	1,831
Line items in profit or loss under which such expenses are included				
Cost of sales	634	335	-	-
Selling and administrative expenses	17,569	3,871	2,911	1,831

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.64 - 8.00	4.64 - 9.00	4.64	4.64
Future salary increase rate (depending on age)	4.70 - 8.00	4.70 - 9.00	7.63	7.63
Staff turnover rate	0 - 29	0 - 29	0 - 15	0 - 15

The amounts of defined benefit obligations and experience adjustment for the current and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligations		Experience adjustments on the obligations	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	167,435	27,484	(498)	-
Year 2013	156,141	24,573	(7,462)	3,807
Year 2012	176,265	22,742	2,184	-
Year 2011	122,556	22,165	756	1,758
Year 2010	84,701	18,217	755	-

24. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for mine reclamation	Provision for decommissioning costs	Total
As at 1 January 2013	72,446	12,980	85,426
Increase during the year	46,782	24,704	71,486
Decrease from actual paid	(27,674)	-	(27,674)
Translation adjustment	(8,911)	(6,234)	(15,145)
As at 31 December 2013	82,643	31,450	114,093
Increase during the year	21,193	-	21,193
Decrease from actual paid	(26,534)	-	(26,534)
Reversal of provisions	(22,117)	-	(22,117)
Translation adjustment	(1,198)	(494)	(1,692)
As at 31 December 2014	53,987	30,956	84,943

25. Share capital

On 22 April 2013, the Annual General Meeting of the Company's shareholders passed the resolutions to increase the Company's registered share capital in order to support the dividend payment at Baht 175,000,000 by issuing new ordinary shares of 175,000,000 shares, having a par value of Baht 1 per share, which shall result in an increase of previous registered share capital of Baht 350,000,000, consisting of 350,000,000 ordinary shares at a par value of Baht 1 per share to become a new registered share capital of Baht 525,000,000, consisting of 525,000,000 ordinary shares at par value of Baht 1 per share. The Company registered the share capital increase with the Ministry of Commerce on 30 April 2013.

Subsequently, on 18 September 2013, the Extraordinary General Meeting of the Company's shareholders No. 1/2556 passed the resolution to approve the reduction of the Company's registered capital from Baht 525,000,000 consisting of 525,000,000 ordinary shares at a par value of Baht 1 per share to become Baht 524,999,679, consisting of 524,999,679 ordinary shares at par value of Baht 1 per share by writing off the unsold ordinary shares of 321 shares at the par value of Baht 1 per share, totaling Baht 321. The Company registered the share capital decrease with the Ministry of Commerce on 20 September 2013.

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2013, the Company set aside an additional statutory reserve by amount of Baht 17.5 million or a total sum of Baht 52.5 million.

27. 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 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 year and as capital reserve for share-based payment transactions in the consolidated statement of financial position as at 31 December 2014.

28. Provident fund

The Company and a subsidiary and their employees jointly established a provident fund as approved by the Ministry of Finance, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Company and the subsidiary also contribute a certain amount. The fund is managed by the Bank of Ayudhaya Public Co., Ltd. will be paid to employee upon termination in accordance with the fund rules of the Company and its subsidiary. Total contributions of the Company and the subsidiary during the year 2014 amounted to Baht 7.3 million, and the Company only: Baht 5.1 million (2013: Baht 6.4 million, the Company only: Baht 4.6 million).

29. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Purchase of finished goods	1,826,531	1,699,388	1,681,005	1,318,733
Raw materials and consumables used	1,900,821	1,223,192	-	-
Changes in inventories of finished goods and work in process (increase) decrease	(101,051)	26,899	14,490	26,546
Royalty fee	916,423	1,107,320	-	-
Freight and transportation of goods expenses	952,645	1,015,905	107,651	95,533
Coal winning and conveyance expenses	777,743	692,850	-	-
Depreciation and amortisation expenses	709,212	1,120,676	27,202	31,505
Salaries, wages and other employee benefits	196,698	192,949	37,940	31,637
Management benefit expenses	186,029	176,088	62,878	63,333
Electricity and fuel expenses	119,811	117,090	6,774	6,142
Repair and maintenance expenses	105,253	107,535	5,818	5,019
Write-off of deferred stripping costs	66,431	198,037	-	-
Loss on exchange	24,332	180,097	-	-

30. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Current income tax:				
Current income tax charge	225,468	196,294	67,778	12,741
Adjustments in respect of income tax of previous year	3,281	-	3,281	-
Withholding tax deducted at source recognised as expenses during the year	5,832	42,008	5,832	42,008
Deferred tax:				
Relating to origination and reversal of temporary differences	(12)	(8,342)	(1,014)	11,828
Income tax expenses reported in the statement of income	234,569	229,960	75,877	66,577

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Accounting profit before tax	848,980	956,670	477,387	524,335
Income tax rate	10% - 30%	10% - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	219,879	246,149	95,477	104,867
Adjustment in respect of income tax of previous year	3,281	-	3,281	-
Withholding tax deducted at source recognised as expenses during the year	5,832	42,008	5,832	42,008
Effects of:				
Promotional privileges (Note 31)	(27,534)	(33,939)	-	-
Recognition of tax loss carried forward of previous year	(8,635)	(9,170)	-	(9,170)
Non-deductible expenses	44,734	3,465	742	1,596
Income not subject to tax	(2,964)	(10,703)	(28,137)	(53,487)
Additional expense deductions allowed	(152)	(60)	(152)	(60)
Loss which may not be utilised in the future	-	4,706	-	-
Taxable withholding tax deducted at source expenses	(1,166)	(31,371)	(1,166)	(31,371)
Others	(650)	305	-	-
Total	3,633	(76,767)	(28,713)	(92,492)
Write-off of deferred tax assets	-	12,194	-	12,194
Unrecognised tax loss as deferred tax assets	1,960	6,862	-	-
Translation adjustment	(16)	(486)	-	-
Income tax expenses reported in the statement of income	234,569	229,960	75,877	66,577

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements		
	As at 31 December 2013 (as previously reported)	Cumulative effect from the change in accounting policy	As at 31 December 2013 (restated)	Recognise to income statement	Translation adjustment	As at 31 December 2014	As at 1 January 2014	Recognise to income statement	As at 31 December 2014
Deferred tax assets									
Provision for long-term employee benefits	46,535	-	46,535	4,066	180	50,781	4,915	582	5,497
Accumulated depreciation - ore, plant and equipment	25,534	-	25,534	(1,719)	54	23,869	13,009	-	13,009
Inventories	-	-	-	14,810	93	14,903	-	-	-
Tax loss carried forward	20,250	-	20,250	(10,312)	-	9,938	-	-	-
Allowance for diminution in inventory value	-	-	-	6,119	134	6,253	-	-	-
Government grants	4,479	-	4,479	1,507	-	5,986	-	-	-
Others	314	-	314	469	-	783	314	432	746
Total	97,112	-	97,112	14,940	461	112,513	18,238	1,014	19,252
Deferred tax liabilities									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	36,345	40,282	76,627	19,881	792	97,300	-	-	-
Accumulated depreciation - machinery	3,421	-	3,421	-	-	3,421	-	-	-
Inventories	-	5,009	5,009	(4,953)	(56)	-	-	-	-
Total	39,766	45,291	85,057	14,928	736	100,721	-	-	-

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements		
	As at 31 December 2012 (as previously reported)	Cumulative effect from the change in accounting policy	As at 31 December 2012 (restated)	Recognise to income statement	Translation adjustment	As at 31 December 2013	As at 1 January 2013	Recognise to income statement	As at 31 December 2013
Deferred tax assets									
Provision for long-term employee benefits	42,502	-	42,502	1,540	2,493	46,535	4,549	366	4,915
Accumulated depreciation - ore, plant and equipment	26,365	-	26,365	(1,723)	891	25,533	13,009	-	13,009
Tax loss carried forward	18,250	-	18,250	2,000	-	20,250	-	-	-
Government grants	2,769	-	2,769	1,710	-	4,479	-	-	-
Allowance for doubtful accounts	12,194	-	12,194	(12,194)	-	-	12,194	(12,194)	-
Inventories	-	12,459	12,459	(12,150)	(309)	-	-	-	-
Others	485	-	485	(222)	51	314	314	-	314
Total	102,565	12,459	115,024	(21,039)	3,126	97,111	30,066	(11,828)	18,238
Deferred tax liabilities									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	9,290	100,558	109,848	(34,439)	1,218	76,627	-	-	-
Inventories	-	-	-	5,058	(50)	5,008	-	-	-
Accumulated depreciation - machinery	3,421	-	3,421	-	-	3,421	-	-	-
Total	12,711	100,558	113,269	(29,381)	1,168	85,056	-	-	-

As at 31 December 2014, the subsidiaries had unused tax losses totaling Baht 8 million (2013: Baht 34 million). No deferred tax assets have been recognised on these amounts as there are uncertain economic future which affect the utilisation of unused tax losses.

31. Promotional privileges

Thai Agro Energy Public Company Limited, a subsidiary, has been granted the promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment as follows:

Certificate No.	1760(2)/2546	2078(9)/2551
Date	26 December 2003	19 November 2008
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)
2. Significant privileges		
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	8 years (expired)	8 years (will expire on 1 April 2020)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	1 year
3. Date of first earning operating income	31 January 2005	2 April 2012

As a promoted company, the subsidiary has to comply with certain conditions and restrictions provided for in the promotional certificate.

The subsidiary's operating revenues for the years ended 31 December 2014 and 2013 were domestic sales, which were divided between promoted and non-promoted operations, are summarised below:

(Unit: Thousand Baht)

	2014	2013
Revenues from sales		
Promoted operations	1,514,152	1,593,732
Non-promoted operations	982,127	65,320
Total	2,496,279	1,659,052

32. 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 year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2014	2013 (restated)	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	430,468	507,394	401,510	457,758
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.82	0.97	0.76	0.87

33. Dividend paid

Dividends paid by the Company and its subsidiaries for the years ended 31 December 2014 and 2013 are as follows:

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2014				
Final dividends for 2013	Annual General Meeting of the shareholders on 21 April 2014	210,000	0.40	9 May 2014
Interim dividends for 2014	Board of Directors' meeting on 20 October 2014	183,750	0.35	19 November 2014
Total		393,750	0.75	
2013				
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
Interim dividends for 2013	Board of Directors' meeting on 21 October 2013	183,750	0.35	20 November 2013
Total		533,750	1.35	

[(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 for 2014 approved to set aside a general reserve of Baht 76.6 million (2013: Baht 154.7 million).

Local subsidiary

Thai Agro Energy Public Co., Ltd.

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2014				
Interim dividends for 2014	Board of Directors' meeting on 18 September 2014	100,000	0.10	17 October 2014
Total		100,000	0.10	
2013				
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	24,000	0.03	20 May 2013
Interim dividends for 2013	Board of Directors' meeting on 19 December 2013	80,000	0.10	17 January 2014
Total		104,000	0.13	

During the year 2014, the Company received dividend income at 51 percent for a total of Baht 51 million (2013: received dividend income at 75.75 percent for a total of Baht 78.8 million).

Overseas subsidiary

PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
2014				
The third interim dividends 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
Interim dividends for 2014	Board of Directors' meeting on 22 September 2014	1,200	150	25 September 2014
Total		4,400	550	

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
2013				
The third interim dividends 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 dividends for 2013	Board of Directors' meeting on 9 September 2013	2,400	300	17 September 2013
The second interim dividends for 2013	Board of Directors' meeting on 11 November 2013	2,400	300	2 December 2013
Total		10,400	1,300	

During the year 2014, the Company received dividend income at 55 percent for a total of USD 2.42 million or equivalent to Baht 77.8 million. The Company had been withheld the withholding tax deducted at source of Baht 5.8 million (2013: dividend income of USD 5.7 million or equivalent to Baht 177.3 million. The Company had been withheld the withholding tax deducted at source of Baht 13.3 million).

34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

1. Domestic coal segment, which purchases and sells of coal
2. Overseas coal segment, which produces and sells of coal
3. Ethanol segment, which produces and sells of ethanol

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

	For the years ended 31 December											
	Domestic coal business		Overseas coal business		Ethanol business		Total segments		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013 (restated)	2014	2013	2014	2013 (restated)	2014	2013	2014	2013 (restated)
Revenue from external customers	1,974	1,584	7,738	8,889	2,496	1,659	12,208	12,132	-	-	12,208	12,132
Inter-segment revenue	249	267	-	82	-	-	249	349	(249)	(349)	-	-
Interest income	18	17	10	4	-	-	28	21	(3)	-	25	21
Interest expenses	-	-	10	1	57	59	67	60	(3)	-	64	60
Depreciation and amortisation	27	32	578	992	106	99	711	1,123	(2)	(2)	709	1,121
Gain on disposal of investment in subsidiary	91	-	-	-	-	-	91	-	(91)	-	-	-
Share of profit from investment in associated company accounted for by the equity method	23	16	-	-	-	-	23	16	-	-	23	16
Income tax expenses	76	67	168	167	(9)	(4)	235	230	-	-	235	230
Segment profit	**516**	**505**	**2,931**	**3,547**	**331**	**268**	**3,778**	**4,320**	**(249)**	**(259)**	**3,529**	**4,061**
Segment total assets	**2,526**	**2,551**	**3,847**	**4,289**	**3,385**	**2,888**	**9,758**	**9,728**	**(796)**	**(1,064)**	**8,962**	**8,664**
Investment in associated company accounted for by equity method	50	39	-	-	-	-	50	39	-	-	50	39
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	11	16	(19)	189	166	38	158	243	2	2	160	245

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2014	2013 (restated)
Revenue from external customers		
Thailand	4,621,140	3,243,059
India	2,607,255	1,784,342
Singapore	1,855,367	2,135,491
Switzerland	966,464	3,669,283
Australia	703,357	1,114,866
China	600,604	-
South Korea	595,051	-
Others	258,941	185,093
Total	12,208,179	12,132,134
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,960,923	2,783,630
Indonesia	1,386,370	1,403,405
Total	4,347,293	4,187,035

Major customers

For the year 2014, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,846 million and Baht 1,688 million, arising from sales by the overseas coal business and domestic coal business (2013: Baht 3,669 million and Baht 1,371 million derived from two major customers, arising from sales by the overseas coal business and domestic coal business).

35. Significant contracts and agreements

35.1 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.

35.2 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.

35.3 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.

36. Commitments and contingent liabilities

36.1 Capital commitments

As at 31 December 2014, a subsidiary had capital commitments of approximately Baht 4.8 million, relating to the subsidiary's construction of the biogas system and the acquisitions of machinery and equipment (2013: The Company and its subsidiary had capital commitments of Baht 194 million and the Company only: Baht 17.7 million, relating to the construction of the Company's machinery, installation of building system and coal conveyance, the construction of the subsidiary's biogas system and the second ethanol production plant, and the acquisitions of machinery and equipment).

36.2 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. As at 31 December 2014 and 2013, future minimum payment under these lease and service agreements are as follows:

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Less than 1 year	35	36	11	11
In over 1 and up to 5 years	26	31	9	19

36.3 Long-term service and purchase commitments

a) The Company and its subsidiaries had 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. As at 31 December 2014 and 2013, future minimum payments under these agreements are as follows:

(Unit: Million Baht)

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

b) The Company and its subsidiaries had commitments under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 2 million (the Company only: Baht 0.9 million) (2013: Baht 1.7 million and the Company only: Baht 0.5 million).

c) The Company had commitments under the coal purchase agreement with an overseas company which the price, coal quality and quantity to purchase are stipulated in the agreement.

d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.

e) The local subsidiary had commitments under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase and sales of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-years 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.

36.4 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.

36.5 Guarantees

As at 31 December 2014, the Company and its subsidiaries had bank guarantees of approximately Baht 5.9 million, Rupiah 15,689 million and USD 0.6 million (the Company only: Baht 0.8 million) (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.

37. 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.

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.

On 3 December 2014, the subsidiary lodged an appeal with the Appeal Court. As at 31 December 2014, the case is still being conciliated by the Appeal Court and the subsidiary has not received such payment; therefore, the subsidiary has not recorded in its account.

38. Financial instruments

38.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, and interest bearing short-term and long-term borrowings. However, since most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2014				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	148	299	-	447	0.10 - 9.75
Current investments	500	-	267	767	2.70 - 3.00
Trade and other receivables	-	-	724	724	-
	648	299	991	1,938	
Financial liabilities					
Short-term loans from financial institutions	1,198	-	-	1,198	3.52 - 6.00
Trade and other payables	-	-	463	463	-
	1,198	-	463	1,661	

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2013				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	50	772	-	822	0.02 - 9.50
Current investments	380	-	-	380	3.10 - 3.35
Trade and other receivables	-	-	864	864	-
	430	772	864	2,066	
Financial liabilities					
Short-term loans from financial institutions	996	-	-	996	3.70 - 6.34
Trade and other payables	-	-	677	677	-
	996	-	677	1,673	

As at 31 December 2014, long-term loan from bank of Baht 657.8 million (2013: Baht 837.8 million) carries interest 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.

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2014				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	20	-	20	0.10 - 1.90
Current investments	500	-	267	767	2.70 - 3.00
Trade and other receivables	-	-	255	255	-
	500	20	522	1,042	
Financial liabilities					
Trade and other payables	-	-	61	61	-
	-	-	61	61	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2013				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	50	113	-	163	0.02 - 2.40
Current investments	380	-	-	380	3.10 - 3.35
Trade and other receivables	-	-	330	330	-
	430	113	330	873	
Financial liabilities					
Trade and other payables	-	-	109	109	-
	-	-	109	109	

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 when they consider appropriate. Generally, the forward contracts mature within one year.

The Company had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2014				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2014	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			Buying rate	Selling rate
US dollar	2.6	-	32.8128	33.1132

As at 31 December 2013				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2013	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			Buying rate	Selling rate
US dollar	5.1	0.3	32.6778	32.9494

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

38.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates or fixed interest rates which are close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

39. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.53:1 (2013: 0.68:1) and the Company's debt-to-equity ratio was 0.06:1 (2013: 0.08:1).

40. Event after reporting period

Proposed dividend of the subsidiary

On 19 February 2015, the meeting of the Board of Directors of Thai Agro Energy Public Company Limited ("the subsidiary") approved to pay a final dividend for 2014 of Baht 0.05 per share, totaling Baht 50 million. The Company will receive such dividend at 51 percent for a total of Baht 25.5 million. However, such dividend payment is subject to the approval of the Annual General Meeting of the shareholders of the subsidiary to be held in April 2015.

41. Approval of financial statements

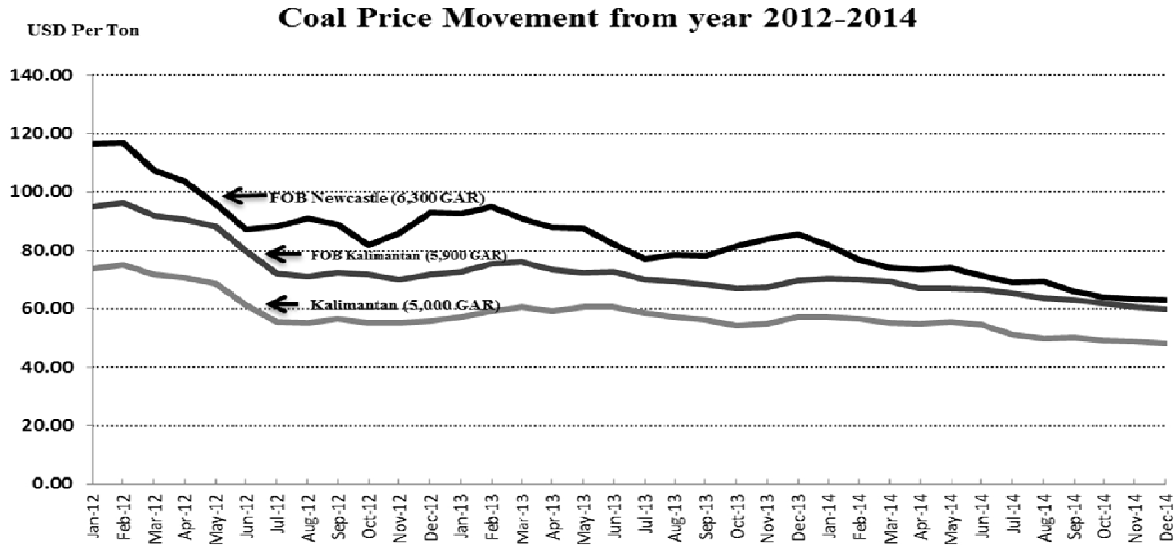
These financial statements were authorised for issue by the Company's authorised directors on 25 February 2015.

OVERALL OPERATING RESULTS

The Company's revenue in year 2014 were Baht 12,245.70 million, which increased from year 2013 by 81.74 million or 0.67 percent. This is due to the fact that the revenue from ethanol business increased due to an increase in ethanol sales volume in line with an increase domestic ethanol demand from the termination of Gasoline 91 and the promotion of production of automobiles that use Gasohol E20 and E85 by the government. The net profit from ethanol business thus increased significantly. The Company's net profit in year 2014 were Baht 430.47 million, which decreased from year 2013 by Baht 76.92 million or 15.16 percent due to the decrease in profit from coal business in line with the continuously falling global coal price.

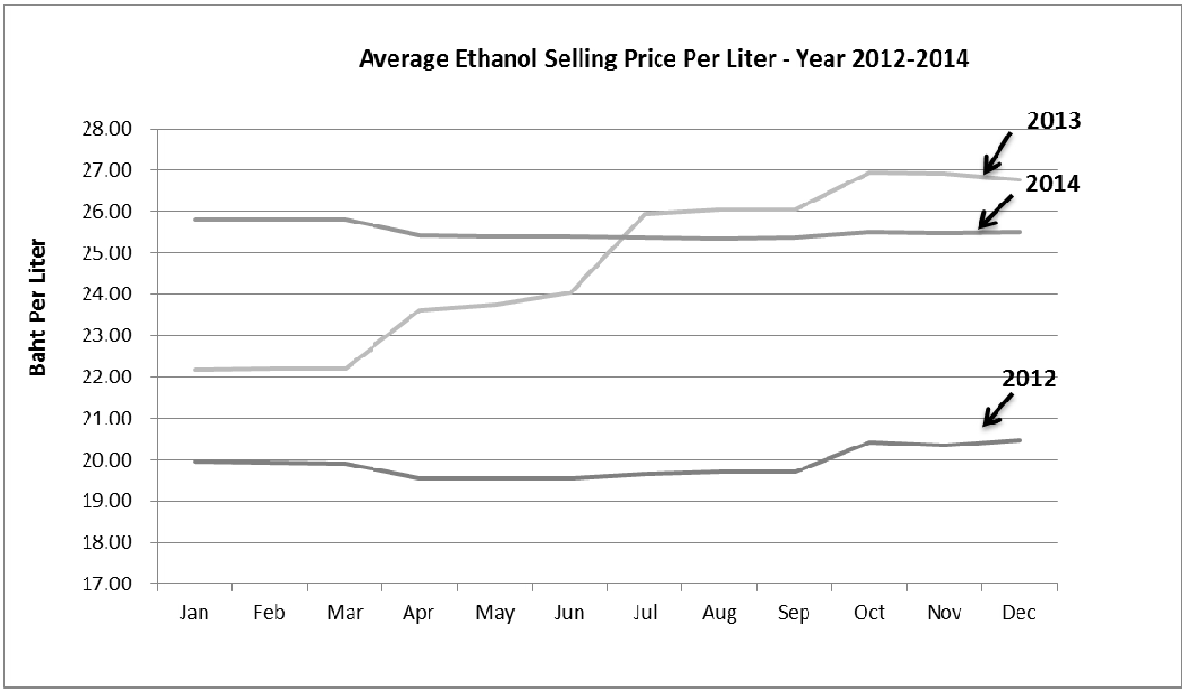
COAL BUSINESS: The global coal prices have been continuously decreasing since 2012. The Company still employs the same strategy by reducing mining cost and increasing production efficiency by decreasing the cost of coal winning, which is the major cost. The product mix is also carefully selected by choosing only those with high price and that highly profitable.

Platts: Coal Trader International (ICT), Year 2012-2014



In summary, as for the overall operating results of the coal business in year 2014, the revenue and net profit derived from shareholding proportion of the company were Baht 9,711.90 million and Baht 225.89 million, which decreased from year 2013 by 7.27 percent and 39.18 percent, respectively, due to the decrease in coal selling price. Regardless, the coal business remains continuously profitable.

ETHANOL BUSINESS: The average ethanol selling price in year 2014 increased from 2013 by 3.61 percent. This is due to the increase of ethanol demand – from 2.60 million liters per day at the end of year 2013 to 3.24 million liters per day in 2014 – as a result of the termination of Gasoline 91 and the promotion of the production of Gasohol E20 and E85 compatible automobiles by the government. Therefore, the demand for using ethanol as a mixture in gasohol has been increasing continuously.



In summary, as for the overall operating results of the ethanol business in year 2014, the revenue and net profit derived from the shareholding proportion of the Company were Baht 2,496.28 million and Baht 143.82 million, which increased from year 2013 by 50.46 percent and 62.62 percent, respectively, due to the increase in ethanol sales volume and selling price in line with the continuously increasing ethanol demand.

The Meeting of the Board of Directors has approved the spin-off plan for the listing of Thai Agro Energy Public Co., Ltd. ("TAE"), a subsidiary company with business in production and distribution of ethanol for fuel, in the Stock Exchange of Thailand by offering newly issued ordinary shares of TAE in the amount of 200,000,000 shares and selling of the existing ordinary shares of TAE held by Lanna of 96,037,733 shares, for a total amount of 296,037,733 shares. The initial public offering totaled 191,000,000 shares or 64.52 percent of the offered shares and 105,037,733 shares or 35.48 percent of the offered shares were offered to the existing shareholders of Lanna based on their shareholding portions (Pre-emptive Right) at the subscription ratio of 5 common shares in Lanna to 1 new common share in TAE with the offering price equal to the price offering to the public at Baht 2 per share. The objective was to raise fund required for improvement on the production and the distribution of ethanol and also for the working capital in the future. Accordingly, the selling of ordinary shares has been completed, and the revenue from the selling of ordinary shares in TAE was received on June 2, 2014. Accordingly, the Company has recognized the profit from the selling of ordinary shares in TAE of Baht 90.27 million in the separate financial statement. However, the shareholding proportion of Lanna in TAE has reduced from 75.75 percent to 51 percent of the paid-up capital. Regardless, TAE still remains a subsidiary company of Lanna. Ordinary shares of TAE has started being traded in the Stock Exchange of Thailand since June 5, 2014.

SIGNIFICANT CHANGES ON ACCOUNTING STANDARD

The Company and the subsidiary companies has adopted the IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine since January 1, 2014. Accordingly, the consolidated financial statements for year 2013 have been restated for comparison purpose with year 2014, but the separate financial statements are unaffected. The details are as follows:

Details	Unit: Million Baht		
	Before restated	Increase (Decrease)	After restated
As at year ended December 31, 2014			
Consolidated financial statements			
Inventories	613.75	(49.45)	564.30
Deferred tax assets	60.72	(15.03)	45.69
Non-current assets	471.89	123.67	595.56
Unappropriated retained earnings	2,123.75	30.26	2,154.01
Consolidated income statement			
Cost of sales	8,602.91	76.75	8,679.66
Income tax	257.59	(23.02)	234.57
Profit attributable to the Company	461.63	(31.16)	430.47
Profit attributable to non-controlling interests	206.50	(22.56)	183.94
As at year ended December 31, 2013			
Consolidated financial statements			
Inventories	430.50	16.70	447.20
Deferred tax assets	68.85	(26.22)	42.63
Non-current assets	489.11	134.27	623.38
Unappropriated retained earnings	2,132.46	61.43	2,193.89
Consolidated income statement			
Cost of sales	8,068.67	142.69	8,211.36
Income tax	272.77	(42.81)	229.96
Profit attributable to the Company	572.29	(64.90)	507.39
Profit attributable to non-controlling interests	254.30	(34.98)	219.32

OPERATING RESULTS ANALYSIS

Revenue	Year 2014		Year 2013		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
Revenue from Coal Business	9,711.90	79.31	10,473.08	86.10	(761.18)	(7.27)
Revenue from Ethanol Business	2,496.28	20.38	1,659.05	13.64	837.23	50.46
Other Revenue	37.52	0.31	31.83	0.26	5.69	17.88
Total Revenue	12,245.70	100.00	12,163.96	100.00	81.74	0.67

REVENUE: The Company's revenue in year 2014 totaled Baht 12,245.70 million, which increased from last year by Baht 81.74 million or 0.67 percent due to the following reasons**:**

(1) Revenue from coal business in year 2014 totaled Baht 9,711.90 million, which decreased from last year by Baht 761.18 million or 7.27 percent. This was due to decreases in coal sales volume and selling price of 3.45 percent and 3.96 percent, respectively, in line with downtrend of the global coal market.

(2) Revenue from ethanol business in year 2014 totaled Baht 2,496.28 million, which increased from last year by Baht 837.23 million or 50.46 percent. This was due to increases in ethanol sales volume and ethanol selling price of 45.86 percent and 3.61 percent, respectively, in line with the continuously increasing demand.

(3) Other revenue in year 2014 totaled Baht 37.52 million, which increased from last year by Baht 5.69 million or 17.88 percent due to increases in interest income and profit from sales of unit trust.

Expenses	Year 2014		Year 2013		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
Coal Business						
Cost of Sales	6,514.07	67.07	6,820.76	65.13	(306.69)	(4.50)
Selling and Administrative Expenses	2,623.96	27.02	2,855.27	27.26	(231.31)	(8.10)
Financial Cost	9.21	0.09	0.87	0.01	8.34	958.62
Corporate Income Tax	225.62	2.32	234.01	2.23	(8.39)	(3.59)
Ethanol Business						
Cost of Sales	2,165.59	86.75	1,390.60	83.82	774.99	55.73
Selling and Administrative Expenses	50.13	2.01	96.87	5.84	(46.74)	(48.25)
Financial Cost	57.00	2.28	58.64	3.53	(1.64)	(2.80)
Corporate Income Tax (Refund)	8.95	0.36	(4.04)	(0.24)	12.99	321.53

COAL BUSINESS EXPENSES: Coal business expenses in year 2014 totaled Baht 9,372.86 million, which decreased from the same period last year by Baht 538.05 million or 5.43 percent, due to the following reasons.

(1) Cost of coal sales in year 2014 decreased from last year by Baht 306.69 million or 4.50 percent. This was due to a decrease in coal sales volume of 3.45 percent and a decrease in average coal selling price of 1.09 percent.

(2) Selling and administrative expenses in year 2014 decreased from last year by Baht 231.31 million or 8.10 percent according to a decrease in coal sales volume.

(3) Financial cost in year 2014 increased from last year by Baht 8.34 million. This was due to loan engaged by a subsidiary company in Indonesia for a purchase of jetty and hauling roads, resulting in an increase in interest expense.

(4) Corporate income in year 2014 decreased from last year by Baht 8.39 million or 3.59 percent in line with the decrease in profit.

ETHANOL BUSINESS EXPENSES: Ethanol business expenses in year 2014 totaled Baht 2,281.67 million, which increased from the same period last year by 739.60 percent or 47.96 percent, due to the following reasons.

(1) Cost of ethanol sales in year 2014 increased from last year by Baht 774.99 million or 55.73 percent. This was due to increases in ethanol sales volume and cost of sales of 45.86 percent and 7.34 percent, respectively, due to the increase in molasses (raw material) price, which is a major cost, from last year by 7.21 percent.

(2) Selling and administrative expenses in year 2014 decreased from last year by Baht 46.74 million or 48.25 percent. This was due to the cost of the Ethanol Production Line No. 1, which had had a temporary shutdown for repairs and maintenance in the 3rd quarter 2013 but resumed its normal operation in 2014.

(3) Financial expenses in year 2014 decreased from last year by Baht 1.64 million or 2.80 percent due to loan repayment.

(4) There was no corporate income tax on the earnings from the Ethanol Production Line No. 2 in 2014, having received the Board of Investment Promotion according to the Investment Promotion Act B.E. 2520. However, the Investment Promotion for the Ethanol Production Line No.1 has been expired, with incurred corporate income tax of Baht 8.95 million in 2014.

Gross Profit	**Coal Business**		**Ethanol Business**		**Total**	
	Baht Million	**%**	**Baht Million**	**%**	**Baht Million**	**%**
Year 2014						
Revenues from Sales	9,711.90	100.00	2,496.28	100.00	12,208.18	100.00
Less Cost of Sales	6,514.07	67.07	2,165.59	86.75	8,679.66	71.10
Gross Profit	**3,197.83**	**32.93**	**330.69**	**13.25**	**3,528.52**	**28.90**
Year 2013						
Revenues from Sales	10,473.08	100.00	1,659.05	100.00	12,132.13	100.00
Less Cost of Sales	6,820.76	65.13	1,390.60	83.82	8,211.36	67.68
Gross Profit	**3,652.32**	**34.87**	**268.45**	**16.18**	**3,920.77**	**32.32**

GROSS PROFIT: The Company's gross profit in year 2014 was Baht 3,528.52 million, or gross profit margin of 28.90 percent of the sales revenue. When compared with the gross profit of last year of Baht 3,920.77 million or gross profit margin of 32.32 percent of sales revenue, the gross profit margin decreased due to the following reasons**:**

(1) Gross profit margin from coal business in year 2014 was 32.93 percent of the sales revenue, which decreased from last year with gross profit margin of 34.87 of the sales revenue. This was due to the decrease in coal sales price as described above.

(2) Gross profit margin from the ethanol business in year 2014 was 13.25 percent of the sales revenue, which decreased from last year with gross profit margin of 16.18 percent of the sales revenue. This was due to the increase in molasses (raw material) price as described above.

Net Profit	Year 2014		Year 2013		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
Profit from Coal Business	225.89	52.48	371.39	73.20	(145.50)	(39.18)
Profit form Ethanol Business	143.82	33.41	88.44	17.43	55.38	62.62
Other revenues and share of income from investment in associate company	60.76	14.11	47.56	9.37	13.20	27.75
Net Profit	**430.47**	**100.00**	**507.39**	**100.00**	**(76.92)**	**(15.16)**
Net Earnings per Share – Baht per Share	**0.82**		**0.97**		**(0.15)**	**(15.16)**

NET PROFIT: The Company's net profit in year 2014 was Baht 430.47 million, or net earnings of Baht 0.82 per share. When compared with last year, the net profit decreased by 15.16 percent due to the following reasons.

(1) Net profit from coal business derived from shareholding proportion of the Company in year 2014 was Baht 225.89 million or 52.48 percent of the total net profit, which decreased from last year by 145.50 percent or 39.18 percent. This was due to the decreases in coal sales volume and selling price as described above.

(2) Net profit from ethanol business derived from shareholding proportion of the Company in year 2014 was Baht 143.82 million or 33.41 percent of the total net profit, which increased from last year by 55.38 million or 62.62 percent. This was due to the increases in ethanol sales volume and selling price as described above.

(3) Net other revenues and share of income from investment in the associate company in year 2014 was Baht 60.76 million or 14.11 percent of the total net profit, which increased from last year by 13.20 million or 27.75 percent mostly due to the increase in interest income and the sale of unit trust as described above.

EARNINGS EFFICIENCY

The abovementioned decrease in the net profit in 2014 results in a decrease in the earnings efficiency of the Company as follows:

(1) The Company's EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) in year 2014 was Baht 1,624.40 million, which decreased from last year by 23.98 percent.

(2) The Company's EBITDA margin in year 2014 was at 13.27 percent of the total revenues, which is decreased from last year of 17.57 percent by 24.49 percent due to the decrease in EBITDA as described in (1) above.

(3) The Company's net profit margin in year 2014 was at 5.02 percent, which decreased from last year of 5.97 percent by 16.02 percent.

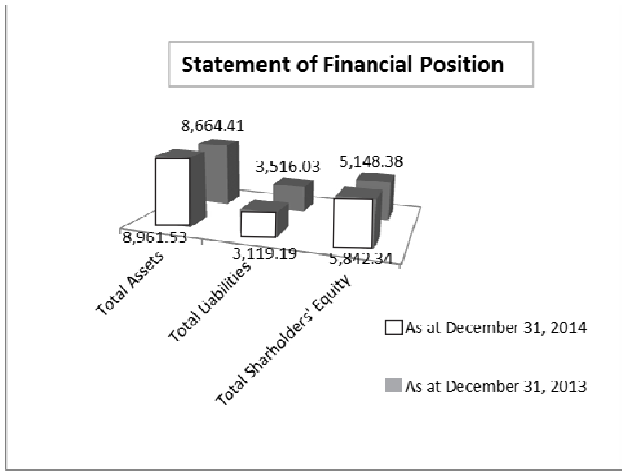
(4) The Company's return on equity in year 2014 was at 10.44 percent, which decreased from last year of 12.89 percent by 19.03 percent.

(5) The Company's return on total assets and return on fixed assets in year 2014 were at 6.97 percent and 39.47 percent, respectively. When compared with last year with the return on total assets and return on fixed assets of 8.77 percent and 59.93 percent, they decreased by 20.51 percent and 34.14 percent, respectively. The asset turnover ratio was at 1.39 times, which slightly decreased from the same period last year by 5.35 percent.

STATEMENT OF FINANCIAL POSITION

Financial Position	Unit: Million Baht		Increase (Decrease)	
	As at December 31, 2014	As at December 31, 2013	Million Baht	%
Total Assets	8,961.53	8,664.41	297.12	3.43
Total Liabilities	3,119.19	3,516.03	(396.84)	(11.29)
Total Shareholders' Equity	5,842.34	5,148.38	693.96	13.48
Book Value-Baht per Share	**7.97**	**7.74**	**0.23**	**2.97**
Remark: Registered par value of Baht 1 per share				

ASSETS: The Company's total assets as at December 31, 2014 increased from the end of 2013 by Baht 297.12 million or an increase of 3.43 percent, consisting of:



(1) Current assets increased from the end of 2013 by Baht 133.81 million or an increase of 3.02 percent, due to (A) cash and cash equivalent increased from the end of 2013 by Baht 12.12 million or an increase of 1.01 percent; (B) trade accounts receivable and other accounts receivable decreased from the end of 2013 by Baht 140.18 million or a decrease of 16.22 percent; (C) inventories increased from the end of 2013 by Baht 117.10 million or an increase of 26.19 percent, most of which were finished coal and a reserve of purchased molasses for 2015; and (D) other current assets increased from the end of 2013 by Baht 144.77 million or 7.53 percent, most of which were advance payment of corporate income tax and advance payment of goods.

(2) Non–current assets increased from the end of 2013 by Baht 163.31 million or an increase of 3.86 percent, most of which were constructions of molasses storage tank and biogas power plant of a subsidiary company.

LIABILITIES: The Company's total liabilities as at December 31, 2014 decreased from the end of 2013 by Baht 396.84 million or a decrease of 11.29 percent, consisting of:

(1) Trade accounts payable and other accounts payable decreased from the end of 2013 by Baht 214.57 million or a decrease of 31.68 percent

(2) Short term and long term loans increased from the end of 2013 by Baht 21.42 million or 1.17 percent due to an increase in short-term loans engaged by a subsidiary company for working capital in molasses procurement for ethanol production.

(3) Accrued expenses, most of which are overburden removal expenses, freight cost, etc., decreased from the end of 2013 by Baht 193.49 million or 27.49 percent.

(4) Other liabilities, most of which are provision for mine rehabilitation and allowance for long-term benefits of employees, etc., decreased from the end of 2013 by Baht 10.20 million or 3.39 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company as at December 31, 2014 increased from the end of 2013 by Baht 693.96 million or 13.48 percent, resulting in an increase of the share's book value from Baht 7.74 per share to Baht 7.97 per share. This was due to an increase in net profit of Baht 430.47 million, dividend payment of Baht 393.75 million, a net increase in translation adjustment in financial statement and other items of Baht 82.60 million, and an increase in minority shareholders' equity of Baht 574.64 million. The increase in minority shareholders' equity is due to the sale of a portion of ordinary shares in TAE, a subsidiary company, according to the spin-off plan as described above, resulting in the decrease of shareholding proportion of the Company from 75.75 percent to 51 percent.

Cash Flows	(Unit: Million Baht)	
	Year 2014	Year 2013
Cash Flows from (used in) Operating Activities	881.80	867.44
Cash Flows from (used in) Investing Activities	(1,322.23)	(1,350.27)
Cash Flows from (used in) Financing Activities	74.88	147.09
Translation Adjustments in Financial Statements	(9.55)	5.17
Net Increase (Decrease) in Cash	(375.10)	(330.57)
Cash at the beginning of the period	822.02	1,152.59
Cash at the end of the period	**446.92**	**822.02**

CASH FLOWS

(1) The Company's net cash from operating activities in year 2014 was Baht 881.80 million, consisting of: (A) income before corporate income tax and interest expense of Baht 848.98 million; (B) transactions that did not affect the cash such as depreciation and amortization of assets of Baht 1,069.58 million, most of which were transactions concerning coal mining operations of the subsidiary companies in Indonesia; (C) an increase in operating assets of Baht 421.21 million due to an increase in inventories and advance payment of goods; (D) a decrease in operating liabilities of Baht 376.91 million due to a decrease in trade accounts payable and in accrued expenses, and (E) an increase in interest income of Baht 24.97 million, in spite of an increase in interest expense and taxes of Baht 263.61 million.

(2) The Company's net cash for an investment activities in year 2014 was Baht 1,322.23 million, consisting of: (A) an increase in properties, buildings and equipment of Baht 377.09 million, most of which were constructions of molasses storage tanks and a biogas power plant; (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 554.94 million; and (C) short-term cash investment and other items which increased by a total of Baht 390.20 million.

(3) The Company's net cash used in financing activities in year of 2014 was Baht 74.88 million, including (A) a net increase in loan of Baht 21.38 million, (B) dividend payment of Baht 525.76 million, and (C) cash received from the sale of ordinary shares of a subsidiary company of Baht 575.49 million, and (D) an increase in minority shareholders' equity of Baht 3.77 million.

ASSET MANAGEMENT CAPABILITY

(1) The Company's trade accounts receivable and other accounts receivable as at December 31, 2014 were 8.08 percent of total asset. The provision of doubtful debts are considered based on a review of receivable period and assessment of past debt collection experience. Accordingly, the Company has experienced very little bad debt and has not found any unusual transaction in 2014 and therefore, there was no provision for doubtful debt in the past year of 2014.

(2) Inventory as at December 31, 2014 was 6.30 percent of total asset without deterioration of the assets and impact from the lower market price. Therefore, there was no allowance for impairment loss of inventory in the past year of 2014.

(3) Goodwill from investment in the subsidiary company in Indonesia as at December 31, 2014 is accounted for 2.08 percent of total asset, of which the Company has considered financial projection and impact and found that that such subsidiary company could still be profitable and therefore there was no establishment of allowance for goodwill impairment from investment year 2014.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The Company's total debt to equity ratio as at December 31, 2014 was as low as 0.53 to 1. By having appropriate capital structure, the Company should still be able to borrow additional capital for future investment projects as the interest coverage ratio in 2014 is as high as 24.53 times. Therefore, the Company should not have any problem concerning with default of interest payment.

(2) The Company's current ratio and quick ratio in year 2014 were at 1.94 times and 0.82 times, respectively. The Company and its subsidiary companies have adequate credit line for working capital in the future.

(3) The Company's cash cycle in 2014 was at 23 days, an increase from last year of 6 days. The average debt collection period was at 23 days, a decrease from last year of 3 days. The average inventory turnover was at 21 days, an increase from last year of 1 day. However, the average debt repayment period was at 21 days or a decrease from last year of 8 days, which is still within normal standard.

(4) Investment in coal business is during downtrend period according to economic crisis and falling coal prices and therefore, the Company has reviewed its investment plan in the new coal concessions by delaying additional investment and waiting for appropriate time and opportunity for new investment. Nonetheless, the Company should have no problem as there are still remaining coal reserves in both coal concessions in Indonesia which can still produce coal for several more years.

(5) As for investment in the ethanol business in 2014, the construction of the fourth biogas production pond was completed in the 2nd quarter 2014. A portion of the biogas produced is used as fuel in ethanol production, and the remaining portion is used in the 3-megawatt biogas power generating system with investment of about Baht 190 million. The 1st phase with 1-megawatt power generation commenced in the 3rd quarter 2014. The 2nd phase of 2-megawatt bio-gas power generating system commenced in the 4th quarter 2014. The electricity is used within the ethanol production plant which shall further reduce cost of ethanol production. Regarding the construction of two molasses tanks with total capacity of 20,000 tons, having investment budget of about Baht 60 million, it was completed in the 2nd quarter 2014, increasing the volume of molasses storage from 40,000 tons to 60,000 tons, allowing flexibility in receiving and storing molasses used as the main raw material for ethanol production. This will help with the cost management making the ethanol production cost lower and more effective. The source of investment fund for these projects comes from its own cash generation and the increase in capital from the initial public offering (IPO) as described above.

DEBT OBLIGATION

Thai Agro Energy Public Co., Ltd. (TAE) is a subsidiary company in a business of ethanol production and distribution for fuel purpose, having obligation according to the terms and conditions of the loan agreement with a local commercial bank as follows.

(1) TAE must maintain its debt to equity ratio (D/E ratio) not to exceed 2 times and debt service coverage ratio (DSCR) of no less than 1.10 times in 2014, and no less than 1.25 times in subsequent years until the expiration of the loan agreement. TAE is able to maintain the D/E ratio and DSCR as required by the contractual obligation of the loan.

(2) The lending bank has determined that the Company must maintain its shareholding proportion in TAE of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to decrease its shareholding proportion in TAE to below 50 percent of the total number of shares.

(3) A written approval from the lender bank is required before TAE can accrue more debts. Currently, TAE has adequate credit line for its working capital for business operation. Additionally, TAE has been listed on the Stock Exchange of Thailand since midyear 2014. This allows TAE to acquire additional sources of capital in the future, making the capital structure of TAE more appropriate.

(4) The lending bank has stipulated that TAE cannot pay dividend to its shareholders, including the Company, if TAE cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in TAE, etc. Accordingly, TAE has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

IMPACT TO FUTURE OPERATIONS

Coal Business: It is expected that coal prices in 2015 will continue to move in a low price level as there is still excess supply of coal. Accordingly, the Company has set out a strategy to reduce the production and distribution cost in line with the reduction of coal prices. At the same time, the Company has reviewed its investment plan in the new coal concessions by delaying the investment and waiting for appropriate time and opportunity. At least one site is expected to be acquired in 2015. Moreover, the Company is currently studying coal fired power plant projects in Thailand and Indonesia. The Company and its subsidiary companies have a capability to invest in such projects having its own coal mine concessions. Not only the production and selling of coal will be improved, the projects should also yield a good return, generating more revenue and profit in the future.

Ethanol Business: Ethanol selling price in 2015 should not be lower than in 2014. It is expected that sugarcane yield in 2015 will be lower than in 2014, which will result in higher molasses price. Accordingly, TAE is requesting a permission to use raw granulated sugar as a raw material in conjunction with molasses in order to increase its raw material supply for ethanol production and maintain a good profitability as well as in 2014. Additionally, a study on a production of high-test molasses as a raw material for ethanol production is being conducted in order to ensure secured supply of raw material, allowing better lower ethanol production cost in the future.

Regardless, the Company and the subsidiary companies can still be profitable from both businesses in 2015 by putting emphasis on cost and expense reduction strategy. Accordingly, the Company shall endeavor to manage and resolve all the problems with prudence to ensure good operating results in 2015 and proceed with regular dividend payment as planned.

CORPORATE SOCIAL RESPONSIBILITY



With focus on social responsibility in every aspect of operation, the Company has been pursuing sustainable development for more than 29 years, including but not limited to, maintenance of good environment, wealth distribution throughout the community, uplifting the quality of life in the community, and fostering good relationship with stakeholders. The corporate social responsibility is integrated to the business operations, encompassing the following eight topics:

- **Fair Business Conduct**
- **Fight against Corruption**
- **Respect on Human Rights**
- **Equitable Treatment to Workforce**
- **Responsibilities toward Consumers**
- **Environmental Responsibility**
- **Community and Society Development**
- **CSR and Innovation**

For sustainable collaboration among the Company and its stakeholders, the works on social responsibility are corresponding to the corporate governance policy. Accordingly, the Social Responsibility Committee has been established to oversee the works related to corporate social responsibility to ensure their effectiveness and sustainability.

Fair Business Conduct

In order to ensure fair business conduct, guidelines dealing with stakeholders are established in the code of conduct by focusing on responsibility toward shareholders, employees, customers, business partners, community, society, and environment. The guidelines set a standard more stringent that the required regulations and include prohibition on actions that violate the stakeholders.

- **Policy on Fair Business Conduct**

(1) Will not engage in business activities and any actions that could damage the reputation of the Country, natural resources and environmental condition and the overall society.

(2) Support activities that are beneficial to the community and society overall. Be conscious in the conservation of the environment and local culture.

(3) Encourage moral principles or conscience and responsibilities to the overall communities among the employees at every level seriously and on a regular basis. Enhance the quality and security of the overall community, society, and environment by its own initiative or participating with the government.

(4) Strictly comply with or supervise on compliance with all relevant laws.

(5) Will not cooperate or support any person involving in illegal business or dangerous to the society and security of the Country. Oppose to any forms of corruption.

- **Policy on Responsibility toward Shareholders**

(1) Develop the business based on actual potential and capability to ensure sustainable return for shareholders from effective operation and good profitability.

(2) Respect the equitable right of shareholders for access of necessary information, and disclose factual operating results, financial status, and related information as required by the Securities and Exchange Commission and the Stock Exchange of Thailand.

(3) Treat every shareholders with equality without restraining the right of shareholders to company's information and attendance of shareholders' meeting. For example, never abruptly disseminate additional documents with important information on the day of the meeting, never add additional meeting agenda or change important information without notice to shareholders, never prohibit attendance of late shareholders, allow minority shareholders to propose a topic to be added in the meeting agenda in advance, allow proposition of qualified persons for directorial position of the Company, and allow the shareholders to submit related questions prior the meeting, etc.

- **Policy on Conflict of Interest**

(1) Employees shall avoid having conflict of interest of oneself with the interest of the Company while dealing with business partners and other related persons.

(2) During employment and post-employment, employees shall not disclose confidential information of the Company to anyone, whether the electronic information, financial information, business information, business plan, or other important matters.

(3) Employees who become directors or consultants of other companies, organization, or business association shall not have any conflict of interest and have a prior approval from the Board of Directors and/or supervisors.

(4) In case of an employee or their family members participate or hold shares in any business which may have a conflict of interest, the Chief Executive Officer or Managing Director must be immediately notified in writing.

(5) Employees shall not insure and/or borrow money from business partners of the Company except from financial institution due to the fact that it may directly or indirectly influence the operation of the Company's agents.

(6) Employees shall never offer gratuity or assets of the Company to others without permission or approval from authorized supervisors.

(7) Employees shall fully devote their time and effort for the business of the Company. In case that necessitates additional part time job for additional income or other purposes, the nature of the job must not violate any law or upset the peace and morality of the populace, not be a conflict of interest of the Company, not badly affect the reputation and operation of the Company, not abuse the confidential information of the Company, and not affect the responsible tasks, etc.

Fight against Corruption

The Company is determined to fight against corruption in every form by building consciousness with every Director, executive and employee at every level to become aware of the danger of corruption, to build correct value and gain trust from all stakeholders in order to develop the organization for sustainability in long term. Accordingly, the Board of Directors' Meeting No. 7/2013 dated December 16, 2013 has resolved to enroll the Company in certification process as member of "Thailand's Private Sector Collective Action Coalition against Corruption (CAC). Accordingly on January 24, 2014, the Company has signed the declaration of intention to fight against corruption. The progress is as follows:

(1) Meetings for determining the action plan are regularly held. Also, two of the anti-corruption committee members – Mrs. Wanna Chomkhokkruad, Audit Office Manager, and Mr. Narin Karawa, Human Resources Manager – have attended a training course on a topic "Anti-Corruption: The Practical Guide."

(2) The Company held three anti-corruption training courses for 31 employees and managers on March 18, 2014 (1 course) and March 26, 2014 (2 courses). The Company also continuously promotes the importance of anti-corruption.

(3) Corruption risks associated with operations in each department are closely monitored, and measures to prevent such risks are established. The action plan is under consideration by the Anti-Corruption Committee.

(4) The anti-corruption self-assessment form with 71 criteria is completed as a requirement for CAC membership. Currently, the form is under reviewed by the Company and referencing materials are prepared, which is expected to complete during the first quarter of 2015.

(5) The Anti-Corruption Committee is evaluating corruption risks associated with business operations and establishing regulation governing the anti-corruption measures, which will be enclosed with the self-assessment review. The task should be done during the second quarter of 2015.

(6) The application with the CAC should be able to be submitted during the third quarter of 2015.

- **Anti-Corruption Policy**

The Company has a policy that every director, executive and employee of the Company at every level are prohibited engaging in or accepting any form of corruption directly or indirectly covering both local and overseas businesses and all relevant work units by arranging for regular inspection and review of the work in compliance with the anti-corruption policy as well as reviews of the rule and regulation on any practices to conform with changes in business condition, relevant rules, regulation and legal provision, to be practiced as follows:

(1) Every Director, executive and employee at every level must adhere to the anti-corruption policy and code of conduct by not involving in corruption activities directly or indirectly.

(2) Every employee of the Company at every level must not neglect or ignore when seeing any corruption activities related to the Company and must notify the superior or responsible person for acknowledgment and cooperate in the investigation. If in doubt, the employee should consult with the superior or the person assigned by the Company to be responsible on matters related to the code of contact through established channels.

(3) The Company shall provide justice and protect the employee who has notified and reported on the corruption activities as specified under Company's policy on the whistleblowing or complaints by stakeholders.

(4) The person involved in the corruption activity is considered in violation of the code of conduct and must be put through a disciplinary action and consideration as stipulated in the Company's regulation. In addition, such person may be punishable by law if illegal action has been committed.

(5) The Company realizes the importance of distribution of knowledge and make other people involved with Company's business understand that they must comply with the anti-corruption policy.

- **Guidelines concerning Anti-Corruption**

(1) The Anti-Corruption Policy also covers personnel management, including, recruitment, promotion, training, performance evaluation, and remuneration. Supervisors at every hierarchical level need to communicate with employees to ensure effective compliance.

(2) Any measures according to the Anti-Corruption Policy shall follow the guidelines established in the Corporate Governance Handbook and other related guidelines established by the Company in the future.

(3) For the matters with high risk of corruption, every Director, executive and employee at every level must operate with caution especially on the following items.

(3.1) Receiving or giving gifts, assets or other benefits must conform to stipulations of the Company.

(3.2) Receiving or giving donation or supporting fund must be carried out with transparency and legal by ensuring that the donated or supporting money shall not be used as excuse for bribery.

(3.3) Receiving or giving bribe in any business operation are forbidden. Company's operation and contact with government sector must be done strictly with transparency, honesty and in compliance with the laws.

- **Duty and Responsibility on Anti-Corruption Policy**

(1) The Board of Directors has duty and responsibility to establish policy and oversee that there is a system to promote anti-corruption effectively in order to build confidence for the management to realize and give precedence to anti-corruption and foster it to become part of the corporate culture.

(2) The Audit Committee has duty and responsibility to review the accounting and finance system, internal control system, internal audit system and risk management system in order to gain confidence that every system has been carried out according to international standards with caution, sufficiency and effectiveness.

(3) The Executive Board of Directors, Chief Executive Officers and executives at every level have duty and responsibility to establish a system to promote anti-corruption policy and convey this policy to the employees and relevant work units as well as to review the appropriateness of the system and measures to conform to changing business situation and relevant rules and regulations and laws.

(4) The Internal Audit Office has duty and responsibility in the audit and review of operations to be in compliance with the policy, rule and regulation, work orders and approval authority as well as relevant legal provision to ensure that the control system is appropriate and sufficient for the risk involving corruption that may happen. The Internal Audit Office reports directly to the Audit Committee.

(5) The Risk Management Committee has duty and responsibility to regularly assess the risk concerning corruption which may occur in any process as well as propose appropriate guideline to mitigate the risk to be presented to the Executive Board and/or the Board of Directors for review and establish measures for conformity to mitigate such risk that may occur.

- **Whistleblowing or Complaints by Stakeholders**

The Board of Directors has established measures or channels for whistleblowing or complaints by the stakeholders as follows.

(1) Provide opportunity for the stakeholder for whistleblowing or making complaints

Any stakeholder who wishes to contact the Board of Directors directly without going through the executive of the Company in order to offer any opinions concerning with the business operation including whistleblowing or complaints such as inappropriate action, fault, wrongdoing or mistake, illegal action or unethical behavior etc., it can be directly forwarded to the Audit Committee of the Company as follows:

Chairman of the Audit Committee
41/9 Rim Klong Bangsakae Road
Bangkor, Chomthong, Bangkok 10150
By E-Mail Address: wanna@lannar.com

(2) Protection for the Whistleblower

The stakeholder who makes whistleblowing or complaints according to (1) above does not need to disclose his/her name.

(3) Procedure after Whistleblowing or Complaints

The Audit Committee is assigned to investigate the information or facts informed by the whistleblower according (1) above and directly presents the matter to the Board of Directors for acknowledgment and consideration.

(4) Correction Measures and Compensation

In case the stakeholder has been damaged from the violation of right according to the laws, the Company is willing to listen to opinion or complaint and will urgently correct the fault and impact without delay including finding measures to prevent recurrence of the event and will consider making appropriate compensation to the damaged person based on cause and effect on a case-by-case basis.

- **Receiving or Giving of Gifts, Assets and/or Other Benefits**

(1) Every Director, executive and employee at every level are strictly prohibited from demanding or receiving gifts, assets and/or any benefits from the customer, trading partner and/or person with related business with the Company regardless whether it is personal or for other persons which may cause unfair decision, bias or difficulty which might create conflict of interest.

(2) Receiving or giving gift on occasions or festivals of good tradition must be of little value not exceeding appropriate value or too much value such as souvenirs or marketing promotional gifts or general gifts, etc. Every employee can use own judgment whether or not the gift is appropriate. If in doubt, the employee should consult with the superior in the chain of command for advice, by considering the intention of the giver and receiver whether or not it is appropriate.

(3) Receiving or giving gift in the form of cash, cheque, cash coupon, gold, jewelry or other valuables is deemed inappropriate and should not be done. It should first be presumed that this action indicates wrongful doing or finding benefit due to the responsible duty.

(4) If it is found that any employee is involved in wrongful action and/or in finding benefit or for oneself of for other person, the Company shall deem that the employee seriously violate discipline and the Company shall consider disciplinary action according to the Company's regulation strictly without any exception.

Respect on Human Rights

Respect on human rights is fundamental for human resource development and directly relates to the business as added value. Also, human resources are a key factor for the business. Therefore, the Company always improve the surrounding and working conditions for better quality of life and in order to draw the full potential of the employees. The employees are also provided with opportunities to train and develop their skills. The policy concerning respect on human rights are as follows:

(1) The Company strictly abide by the human rights principle by providing knowledge and understanding in human rights to employees as part of the operation in the Company, as well as discouraging any business that violates human rights or illegal business.

(2) Employees at every level must thoroughly understand the law concerning with their duties and responsibilities and strictly comply with the governmental laws and regulations. Employees should consult with their supervisors and/or related law consultant on any law related concerns. Do not imply and proceed alone.

(3) Employees traveling to work overseas should study laws, traditions and culture of the country of destination prior to the trip in order to ensure that overseas business undertaking shall not be illegal or contrary to the traditions and culture of the country of destination.

(4) The Company shall uphold fairness and sincerity upon engaging in management related to salary, wages, benefits, and employment terms without favoritism. Forced labors and child labors are not tolerated. The Company shall support all employees with equal opportunity and provide appropriate and pleasant working environment. Additionally, the Company shall comply with the Labor Protection Act and Thai Labor Standards, including other related laws and regulations.

Equitable Treatment to Workforce

(1) The Company always operates with equitable treatment to its workforce. In the past, the Company never had any disputes with its workforce and always strictly follows the labour law.

(2) The Company provides wages and salaries at no less than the rate required by law. Compensations to managers and employees are considered based on skills, experiences, and expertise of each individual. Suitable adjustment is also regularly made according to the economy.

(3) The Company also never ceases to improve the working environment. Events are regularly held to promote good relationship among employees, such as, New Year activities, founding day, etc.

(4) The Benefit Committee is established to ensure proper benefits as required by law and to inspire morale. Safety in workplace is focused, with related trainings regularly held. The surrounding environment is ensure with regular water and air quality monitoring every six month. In 2014, no accident has been occurred for two consecutive years.

(5) Other policy and guidelines concerning equitable treatment to workforce, including other activities are disclosed in this Annual Report, page 146-152, “Employee Information.”

Responsibilities toward Consumers

A customer relation sector has been established to engage with customers and receive any feedback in order to ensure customer’s satisfaction in the products and services. Also, the production process is always being improved according to the customer’s needs along with reduction of unnecessary cost. Moreover, business is conducted fairly. The policy regarding this matter is as follows:

(1) The Company’s products are safe and reliable.

(2) The Company shall safeguard customer information and shall not forward any information without customer’s consent.

(3) The Company discloses correct and adequate information concerning its products.

(4) The Company encourages environmental and societal consciousness for the usage of its products.

(5) The Company shall sustainably develop its products and services for the benefit of both the Company and consumer society.

(6) The Company operates on free competition and plays by the rules. It shall never slanderously attack competitors without reasonable evidence.

(7) The Company shall cooperate with competitors for the benefit of the consumers. Such cooperation shall not be a monopoly, sharing of market, deterioration of product quality, and price readjustment that is disadvantageous for overall consumers. The personnel of the Company shall engage with competitors with care without disclosing or revealing any company’s secret to competitors.

(8) The Company shall select its business partners by considering the competency and experience of the business partners, their financial status, reputation, whistleblowing and legal cases, policy of the business partners, and risks.

Environmental Responsibility

The Company operates with awareness of environmental responsibility in all action undertaken in business procedure in order to prevent any consequential impact.

- **Environmental Responsibility Policies and Guidelines**

(1) All executives and employees shall operate with quality management system of occupational health and safety, and environment as it optimizes efficiency and effectiveness for the best interest of the Company.

(2) Executives and employees must adhere to and work in compliance with laws, policies and regulations concerning quality standard of occupational health and safety, and environment.

(3) The Company shall undertake any measure to control and prevent loss from fire accident, physical accident, loss or damage of property, security breach, operation error as well as working environment to ensure employees' safety. It is executives' and employees' duty to report accidents by strictly following established protocol.

(4) The Company shall establish an emergency control and prevention plan for all work areas as well as an organization's emergency and crisis management plan to prepare countermeasures for situations that may occur. Moreover, the Company shall also undertake preparation for other crisis that may cause the business suspension or defamation to the organization.

(5) The Company shall communicate and advocate employees and stakeholders about policies, regulations, processes and cautions concerning quality, safety and occupational health in order to bring into practice with accuracy.

(6) The Company shall promote and create awareness of quality, safety and occupational health and safety to be applied to employees' everyday work.

(7) The Company shall provide trainings for employees and assign supervisors with additional responsibility of managing operation with safety systems and continually adhering to operate with it.

(8) The Company shall improve standards of safety and environment to an international standard for better quality of working life and environment.

(9) The Company is committed to continuous corporation on social responsibility in terms of quality, safety and occupational health and safety, and environment. The Company recognizes the importance of environment, safety of stakeholders and social responsibility activities and plans to optimize the natural resources in order for a sustainable development of living standards in the community.

• Activities for Environment in the Past Year

▪ Every coal mining project must operate according to the mine plan and conduct environmental impact analysis and study that must be approved by relevant governmental agency. The mine site rehabilitation and improvement are also carried out and completed in order to improve environmental surroundings and ecosystem and return to its useful state. Mine site rehabilitation and improvement was carried out by plantation of trees with conservational value, land utilization and improvement for agriculture, water reservoirs, residence, etc. In 2013 and 2014, the subsidiary companies conducting coal mining business in Indonesia have been awarded for their continuous good environmental management as follows:


GUBERNUR KALIMANTAN TIMUR

PT. Lanna Harita Indonesia

▪ PT Lanna Harita Indonesia and PT Singlurus Pratama, subsidiary companies, were awarded with Green Certificate for Excellent Environmental Management from the Governor of East Kalimantan, Indonesia for two consecutive years in 2013 and 2014 for they exceeded the regulations on environmental management.


GUBERNUR KALIMANTAN TIMUR

PT. Singlurus Pratama

▪ PT Lanna Harita Indonesia, subsidiary company, was awarded with Blue Rank Certificate for Excellent in Environmental Management from the Ministry of Environment of Indonesia for two consecutive years in 2013 and 2014 for good execution of environmental management according to the regulations.


KEMENTERIAN LINGKUNGAN HIDUP DAN KEHUTANAN

PROPER

BIRU

PT. Lanna Harita Indonesia

▪ In 2014, PT Singlurus Pratama, subsidiary company, was awarded with Certificate for Support the Afforest Program from the Governor of East Kalimantan, Indonesia for mine site rehabilitation by afforestation.


Pemerintah Kota Balikpapan

Memberikan Penghargaan Kepada

PT. Singlurus Pratama

• The Ayutthaya Coal Distribution Center in Ayutthaya Province, a domestic operator, has carried out measures concerning the environment as well. In order to prevent dust pollution, trees have been planted as wind barriers, and high-pressure water spray system has been set up to constantly spray water around coal stockpiles and hauling roads. The sediment from waste water is contained and not released to the public river. Coal trucks are ensured to have complete coverage, and their wheels are washed before entering public road. Additionally, air and water quality are tested half-yearly. In order to contain the dust more effectively, a close system of large silos is being constructed for coal storage with a capacity of 6,000 tons. With expected completion on early 2014, the investment is approximately Baht 42 million. Further construction has been planned for the following years, with an investment of Baht 50 million for a complete transition of open space storage to close storage in order to minimize the dust generated.

(1) The company has constructed a 4,000-square-meter concrete parking lots for clients' coal trucks to park during their coal collection. This helps with traffic management in the Ayutthaya Coal Distribution Center, provides more convenience for the clients, as well as prevents dust dispersion into public areas.





(2) The Company arranges half yearly quality measurement of air, noise and surface water as follows:

(2.1) The result of general air measurement in 2014, the findings are in compliance with the Announcement of the National Environment Committee, Issue 24 (2004).





(2.2) The result of 24-hour-avearge noise measurement (L_{eq} 24 hr) and maximum noise (L_{max}) are in compliance with the Announcement of the National Environment Committee, Issue 15 (1997), in which the L_{eq} 24 hr and L_{max} are not more than 70 and 115 decibel respectively.





(2.3) The analysis of surface water quality in 2014, the findings are in compliance with the Announcement of the National Committee, Issue 8 (1994) issued under the Enhancement and Conservation of National Environmental Quality Act B.E.2535 (1992) concerning the quality of surface water type 4.





(3) The Company realizes the importance of tree planting and caring in the Ayutthaya Coal Distribution Center as it is wind barrier and suppresses dust from spreading into public places.





(4) The Company has constructed sediment treatment system in the Ayutthaya Coal Distribution Center in order to prevent sediment from being discharged to public waterways. The sediment traps are scattered across the area in order to collect and keep surface water, which includes rain and water used for sprinkle on stockpile for dust suppression. The collected water is then stored in sedimentary ponds. Once the process is over, the water is brought back to use with the purpose of minimize waste and save the water resources.





(5) The Company has constructed two wheel wash facilities at Ayutthaya Coal Distribution Center which departing coal trucks are required to pass through before entering public roads to prevent debris and other problems that may obstruct public transportation.





(6) The Company has arranged for operation system audit to examine for environmental impact at Ayutthaya Coal Distribution Center. In 2014, the examinations are carried out twice by Klong Sakae Subdistrict Municipality Committee and three times by Port Audit Committee, appointed by the local community group, “Rak Chum Chon”. The results revealed that the Company has continuously operated accordingly to the regulations.

Community and Social Development

• The Company realizes the importance of continuous community and social development and has established policies concerning community and social development as follows:

(1) Engage in business or an act that may defame the country or has negative impact to natural resources, environment or society in general.

(2) Encourage activities that are beneficial to community and society and prioritize preservation of environment and local tradition.

(3) Commit to continuously raise community and social responsibility awareness among employees in all levels as well as improve standard of safety in the community and society with or without help from government sector.

(4) Strictly operate in compliance with the concerning laws and regulations.

(5) Must not support and engage with an individual or business that is harmful to society and national security or any kind of corruption.

• The Company has joined "Rak Chum Chon" community group which is a group of business operators in coal and cement industry with operating sites in the district. The purpose of the group is to look after the local community, Nakorn Luang District, by auditing standards of ports, operation site and workplace condition to ensure the standards exceed what is stipulated by regulations and continuously improve.

• The Company supports education by granting scholarships to student who needs financial aids, financially support an employment of an English teacher and encourage employees to volunteer as guest teachers at schools in local community.

CSR and Innovation

• The Company operates business by applying the concept of social responsibility and sufficiency economy to business strategies which derived from years of expertise. The development of the combination leads to business innovation which adds competitive edge and value to the Company's sustainable growth.

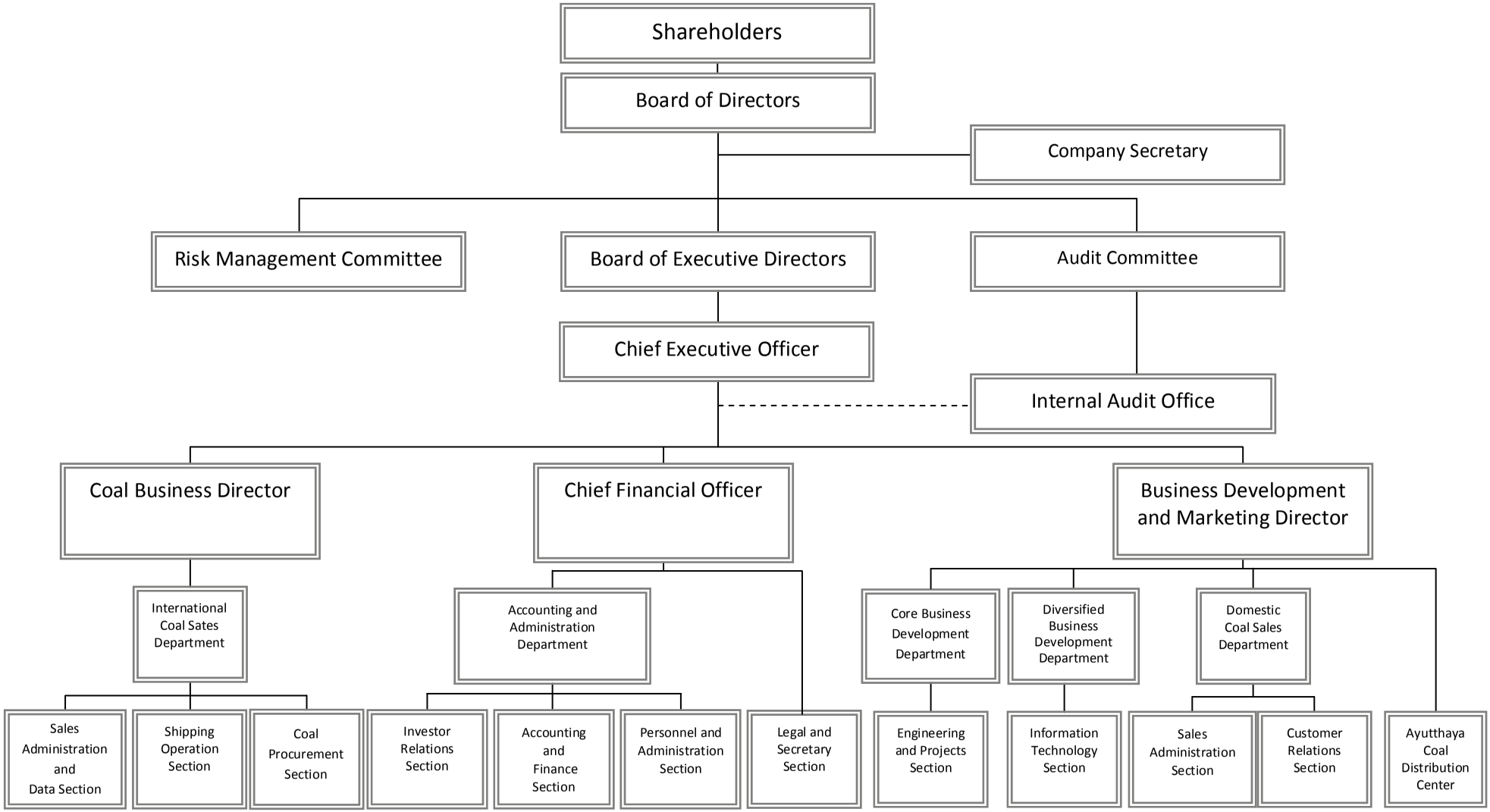
• In 2014, the Company has constructed a coal processing plant and closed coal storage system with the capacity of 6,000 tons at the Ayutthaya Coal Distribution Center. The company has invested approximately Baht 42 million. With the new facilities, the Company will be able to provide service with more efficiency and effectiveness. Moreover, it will help suppressing dust from processing activities.

• Further construction of the coal processing plant and closed coal storage system has been planned for the following year, with an investment of Baht 50 million. With the additional closed unit, the Company aims to increase the capacity while minimize amount of dust and carbon dioxide gas generated.



❖ **More information concerning corporate social responsibility is available for shareholders and investors to access at www.lannar.com**.

ORGANIZATION STRUCTURE



Management Structure

- The Management structure of the Company comprises of the Board of Directors, Committees, Executives and Corporate Secretary. The Company has three committees comprising of the Board of Executive Directors, Audit Committee and Risk Management Committee.

The Board of Directors

- The Board of Directors consists of 14 Directors, including five Executive Directors, five Non-Executive Directors and four Independent Directors and Audit Committee Members. The name, position and photograph of each Director are shown on Page 3-6 of this Annual Report.
- Name list and number of Directors who have been authorized to sign on behalf of the Company are Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, two out of four Directors sign affixed with the Company's seal.
- The term for the directorship position is in accordance with the Public Limited Companies Act B.E. 2535 and the Company does not establish the maximum number of consecutive terms of directorship position.
- Normally, the Board of Directors holds meeting at least once for every two months (one meeting every other month) and will occasionally hold extraordinary meeting in case of important or urgent matter. In 2014, there were six meetings altogether.

Director's Name	Position	Meeting Attendance in 2014
(1) Mr. Somkiart Limsong	Chairman of the Board	6 out of 6
(2) Mr. Paul Heinz Hugentobler	Director	4 out of 6
(3) Mr. Vanchai Tosomboon	Director	5 out of 6
(4) Mr. Tanon Tantisunthorn	Director	5 out of 6
(5) Mr. Vorathep Rangchaikul	Director	2 out of 5
(6) Mr. Akasit Jirayuwanon	Independent Director	6 out of 6
(7) Mr. Padoong Techasarintr	Independent Director/Audit Committee Chairman	6 out of 6
(8) Mrs. Duangkamol Suchato	Independent Director/Audit Committee Member	6 out of 6
(9) Mr. Adul Tantharatana	Independent Director/Audit Committee Member	6 out of 6
(10) Mr. Kraisi Sirirungsi	Director/Executive Chairman	6 out of 6
(11) Mr. Suroj Subhasavasdikul	Director/Executive Director	6 out of 6
(12) Mr. Visit Tantisunthorn	Director/Executive Director	6 out of 6
(13) Mr. Pilas Puntakosol	Director/Executive Director	6 out of 6
(14) Mr. Anun Louharanoo	Director/Executive Director/Secretary	6 out of 6

- The Board of Directors is required to possess following qualifications:

(1) Directors are not required to be the shareholders but shall possess the qualifications in compliance with laws concerning public companies and related laws, but without inappropriate traits that express untrustworthiness to perform duties for the Company.

(2) Directors shall possess knowledge, expertise, value of honesty and business ethics and willingness to devote their time in performing duties to the fullest capacity for the highest benefit of the organization.

(3) Directors shall possess experience and expertise in various professions e.g. industrial engineering, business management, sales and marketing, accounting and finance, law and corporate governance, etc.

(4) Directors must not be an entrepreneur, a shareholder or directors in any legal entity with similar business or a competitor unless it is declared at shareholders' meeting prior to the appointment.

(5) Independent Directors and/or Audit Committee must demonstrate an attribute of independence, in compliance with the Company's requirement and the Securities and Exchange Laws, as well

as the ability to preserve the interest of shareholders equitably without conflict of interest as well as to express opinion openly in meetings of the Board of Directors.

(6) Directors shall receive trainings and continuously master knowledge concerning business nature of the Company in order to match with emerging changes and continuously optimize efficiency and efficacy of the board.

- The Board of Directors has the authority, duties and responsibilities in the management of the Company by conducting its duties honestly, in compliance with all laws, the objects and the articles of association of the Company, and the resolutions of any shareholder meetings in good faith, and with care to preserve the interests of the Company. In summary, the authorization and responsibilities are as follows:

(1) The Board of Directors has adopted the Company's direction, objectives, business plan and budget, as well as monitor and supervises over the management to operate efficiently and effectively in accordance with the established business plan and budget, in order to maximize economic value of the business and shareholders' wealth and stability, having important details summarized as follows:

(1.1) Establishment of Company's organization structure to have the management and operation system that are highly effective and efficient.

(1.2) Approval of annual business plan and budget within 30 days prior to the end of the year for the management to be approved by the Board of Directors and managed accordingly each and every year.

(1.3) Approval of investment projects or joint-venture projects, as well as business expansion and/or reduction of business operation, which are deemed most beneficial for the Company's operation in both long-term and short-term, not including transactions that need approval from the Shareholders according to the regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

(1.4) Approval of financial plans of the Company, as well as the plan for securing loan and credit facilities sufficiently and appropriately for the operation of the Company occasionally.

(1.5) Arrangement for preparation of balance sheets and statement of income at end of the Company's accounting period in order for a review and verification by the auditor appointed by the shareholders before presenting the matter for approval by the shareholders' meeting.

(1.6) Consideration of various matters proposed for approval by the shareholders' meeting, including dividend payment, capital increase, capital reduction, issuance of debenture, sale or transfer of business, purchase, acquisition, or merger of business, etc.

(1.7) Consideration for the establishment of Company's policies, direction, objectives, vision, mission and values and other important matters that may impact Company's financial status and operating results presently or in the future.

(2) The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, committees, and the management, as well as having routine communications to the Board of Directors, committees, management and employees of the Company, which are summarized below.

(2.1) The Board of Directors has appointed and assigned the Board of Executive Directors to manage daily operations of the Company in accordance with the policy, business plan and budget, established by the board of directors. The Board of Executive Directors in turn assigns duties to the Chief Executive Officer within authorities assigned by the Board of Directors.

(2.2) The Chief Executive Officer shall assign and establish duties to each department and employee level in descending order within the authorities assigned by the Board of Executive Directors, by establishing audit and control system in order to have effective work coordination and achieve both short term and long term objectives.

(2.3) The management shall arrange individual meetings or specific purpose meetings among employees and managers in order to be informed on the operating results and work progress, as well as considering problems and obstacles encountered in the operation (if any) from time to time.

(2.4) The management has issued announcement, establishing procedures for carrying out important tasks, for employees to understand and utilize as work guidelines in order to achieve systematic and well-coordinated operation.

(2.5) The management has organized for all the business units to participate in the preparation of the annual business plan and budget by having management level staff from each of the departments jointly prepares the annual business plan and budget for effective operation and efficient control of expenses, as well as achieving the policy and objectives established by the Board of Directors. The Chief Executive Officer also attends the meeting, participating in the consideration of the annual business plan and budget before proposing to the Board of Executive Directors for its consideration, and then to the Board of Directors for its consideration and approval. The business plan and budget will then be implemented and monthly evaluated to see whether it meets the established policies and objectives. The business plan and budget may be appropriately adjusted according to changing circumstances.

(2.6) The Board of Directors has established internal audit division to oversee and review the operations of the Company to be in accordance with the established internal control system, and also to coordinate and support the Audit Committee for good corporate governance.

(2.7) The Board of Directors has established the Audit Committee in accordance with the rules and regulations established by the Stock Exchange of Thailand with duties and responsibilities to oversee that the operations are trustworthy and beneficial to all related parties.

(2.8) The Board of Directors has established the Risk Management Committee with duties and responsibilities to consider any problems and risk factors which may impact Company's operation and seek measures to mitigate or minimize the risks.

(2.9) The Board of Directors may occasionally seek consultants or experts in particular fields such as legal or financial advisors to give opinions concerning certain matters in consideration as appropriately and necessary.

(2.10) The Board of Directors has appointed a Company secretary including working team with responsibilities to oversee activities of the directors and shareholders in accordance with the relevant laws and related regulations.

(3) The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters by the Board of Directors periodically, which can be summarized as follows:

(3.1) The Chief Executive Officer must report the operating results and financial status monthly with comparison to the budget plan approved by the Board of Directors, to the Board of Executive Directors and report to the Board of Directors at least once every quarter.

(3.2) The Chief Executive Officer must report on the progress of investment projects, as well as problems and obstacles encountered, if any, to the Board of Executive Directors and the Board of Directors at every meeting.

(3.3) The Chief Executive Officer must periodically report on the litigation cases concerning with the Company, including its compliance with relevant laws and contractual terms to the Board of Directors and Board of Executive Directors.

(4) Arrangement of the Annual General Meeting of Shareholders within 4 months after the end of accounting period of the Company and convene extraordinary shareholders' meeting as necessary for the operation.

(5) Must become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment, as well as gaining faith from all the stakeholders, focusing on building value to the business and persons sharing the benefit in long term in order for sustainable growth and development of the Company.

In addition, the Board of Directors also has scope of authorities and duties to oversee that the Company operates in compliance with the Securities and Exchange laws, including announcements and/or regulations of the Stock Exchange of Thailand such as connected transactions, acquisition or disposition of important assets, etc., as well as complying with all relevant laws concerning the business of the Company.

(6) The Board of Directors of the Company may assign duties and responsibilities to the Committees, individual or several Directors or other persons to perform certain matter on behalf of the Board of Directors under supervision of the Board of Directors according to terms and time period deemed appropriate and necessary for Company's business operation. The Board of Directors may cancel, revoke or change the authorized person or such authority when deemed appropriate.

Such assignment of authority in above paragraph must not be in the way of granting authority which will enable the Committee or authorized person to approve transaction that may have any interest or conflict of interest with the Company or affiliated companies, except for the approval of transactions which are in accordance with the policy and criteria that the Board of Directors has already approved.

(7) The meeting of the Board of Directors must be held at least once every three months and there must be an annual assessment on the performance of the Board of Directors.

(8) In addition, each director must adhere to and practice as follows:

(A) must not operate the business that is of the same nature and in competition with the business of the Company or become a partner in ordinary partnership limited or unlimited partner in the partnership limited or be a director of a private company or other juristic company operating in the same nature and in competition with the Company, regardless of doing it for the benefit of oneself or for the others in the way of having stake or receiving financial or management benefit.

(B) must inform the Company without delay if there is any interest, whether direct or indirect, in the contract that the Company or affiliated company engage in, or holding more or less shares or other securities in the Company or affiliated company.

- Roles and Responsibilities of Chairman of the Boards are as follows:

(1) To summon meetings of directors and oversee delivery of meeting invitation and other documents in order for directors to receive sufficient information in timely manner.

(2) To support and promote standards of good corporate governance, as well as monitor the management team. To give advice and support without any engagement or interference with management's everyday work

(3) Must exhibit leadership and ensure that committees are not under the influence of the management by taking the role as a chairman of the meeting. The chairman of the meeting shall monitor the meeting in com the Company's restriction and planned agendas as well as regulations and laws.

(4) To establish an efficient communication between shareholders, the board and management as well as coordination to drive the Company's business operation to reach the long term growth plan.

(5) To perform other duties as stipulated by the laws.

The Board of Executive Directors

- The Board of Executive Directors consists of five persons whom have been appointed by the Board of Directors, having list of names, position and meeting attendance in 2014 as follows:

Executive Director's Name	Position	Meeting Attendance in 2014
1) Mr. Kraisi Sirirungsi	Executive Chairman	12 out of 12
2) Mr. Suroj Subhasavasdikul	Executive Director	12 out of 12
3) Mr. Visit Tantisunthorn	Executive Director	10 out of 12
4) Mr. Pilas Puntakosol	Executive Director	12 out of 12
5) Mr. Anun Louharanoo	Executive Director and Secretary	12 out of 12

- The Board of Directors has assigned the duties and responsibilities of the board of executive directors, as described below.

(1) Duties and Responsibilities

(1.1) To effectively control, monitor and supervise the day-to-day management of the Company, in accordance with the resolutions of the shareholders' meeting/Board of Directors and the Company's objectives and articles of association so as to maximize Company's benefits for short and long-term period.

(1.2) To prepare the annual corporate plan and budget including earnings and expenses, manpower, employees' expenses, and investment budget to be proposed annually to the Board of Directors for approval within 30 days before the end of the year.

(1.3) To manage the Company according to the policy and corporate plan established by the board of directors, and according to the earnings and expenses and investment budget approved by the board of directors.

(1.4) To report operating results to the Board of Directors once every quarter.

(1.5) To function under the relevant laws concerning with the Company, as well as follow the Company's contractual commitments with the government authorities, creditors and the third parties.

(1.6) To manage Company's finance in accordance with the financial plan approved by the board of directors, as well as Company's contractual commitments to every creditor.

(1.7) To undertake or carry out certain individual tasks as assigned by the board of directors.

(2) Financial Authorities

(2.1) Having authority to approve daily and normal expenses according to the expenses and manpower budget plan as approved by the Board of Directors, including expenses obligated by the contracts between the Company and authorities and external parties and/or expenses as stipulated by the laws.

(2.2) Having authority to purchase/hire for fixed assets and/or transactions which are not considered normal business operation according to the budget plant as approved by the Board of Directors within Baht 5 million each time per one transaction.

(2.3) Having authority to obtain a loan for the business of the Company within the credit amount and under conditions and terms which have been approved by the Board of Directors. In the case that the assets of the Company must be used for loan guarantee, the matter must be approved by the Board of Directors every time, except for the following matters that are considered normal transaction, having authority in every case.

(a) Opening of Letter of Credit (L/C) including Trust Receipt and Shipping Guarantee for the purchase/hire of item from overseas.

(b) Obtaining bank guarantee of commercial bank and/or financial institution as guarantee for contractual obligation of the Company with the authorities and external parties.

(c) Execution of risk protection contracts on foreign currencies such as forward exchange contracts, etc. but only in the case that the Company has contractual obligation that must make payment in foreign currencies.

(2.4) Approving of advance payment for the employee for use in the Company's business as follows:

(a) For expenses according to contractual obligation or by laws and/or as already approved by the Board of Directors for the advance to actual payment such as land cost, electricity tariff and other utilities' expenses, royalties and taxes, etc.

(b) For items other than in (2.4.a), can approve at not more than Baht 1,000,000 (one million Baht) each time or per item.

(2.5) Having authority to set provision and/or write off bad debt of the Company at not more than Baht 100,000 (one hundred thousand Baht) each time or per item during each financial year, not exceeding Baht 1,000,000 (one million Baht) overall in the financial year, and report the matter to the Board of Directors once every quarter.

(2.6) Having authority to write off inventory and/or damaged or lost assets, including sale and/or make compensation at not more than Baht 100,000 (one hundred thousand Baht) each time and not more than Baht 1,000,000 (one million Baht) overall in a financial year, and report the matter to the Board of Directors once every quarter.

(3) Production Authorities

(3.1) To establish production target and plan for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(3.2) To plan and perform production in accordance with the plan and target as approved by the Board of Directors at the lowest cost. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(3.3) To establish target and strategy for additional exploration or acquisition of coal deposits or other minerals that have commercial benefits in order to increase production and distribution potential of the Company in the future and for Company's business expansion and long term and sustainable growth.

(4) Marketing Authorities

(4.1) To establish target, plan and strategy for the marketing of products for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(4.2) To plan and distribute products in accordance with the plan and target as approved by the Board of Directors in order for the Company to maintain or increase its market share, as well as to increase and maximize the revenue and profit. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(4.3) Having authority to establish pricing and conditions for the sales and services of the Company.

(4.4) Having authority to purchase/hire for production and/or to import products for selling in order for the Company to maintain or increase its market share, as well as increase and maximize the revenue and profit.

(4.5) Having authority to sell products and service both domestically and overseas by entering into contractual obligation of not more than five years, including appointment of sales representative of not more than two years each time.

(5) Employment Authorities

(5.1) Having authority to establish suitable number of manpower or employees in line with the Company's business operation, as well as, to set salaries and wages, compensations and bonuses for every employee at every level according to the manpower and budget as approved by the Board of Directors.

(5.2) Having authority to employ, appoint, transfer, remove and terminate every employee and every level, **except** for the position of Chief Executive Officer, whom may be appointed and removed by the Board of Directors.

(5.3) Having authority to establish job regulations and benefits for the employees of the Company following the criteria, conditions and budget as approved by the Board of Directors.

(6) Authorities concerning Legal Case and Contract

(6.1) Having authority to execute only the contract that is considered normal daily business operation according to the budget approved by the Board of Directors, not more than three years each time.

(6.2) Having authority to file a legal case and put up a defense for the benefit of the Company by reporting to the Board of Directors for acknowledgement at every meeting and when the legal case occurs.

(7) Authorities concerning Projects

(7.1) To consider and perform preliminary feasibility study of the project that is deemed beneficial to the Company's business operation in the future and/or providing satisfactory return in long term.

(7.2) To consider hiring consultants for the projects within the budget approved by the Board of Directors.

(7.3) If the project is found to be feasible after the project's feasibility study, detailed information of the project is to be presented to the Board of Directors for consideration and approval before execution.

(7.4) For the approved project, the scope of authorities are as follows:

(7.4.1) To establish operation plan, budget and target in order to achieve objectives or internal rate of return as expected.

(7.4.2) Having authority to contact, negotiate and execute a memorandum of understanding concerning with the joint venture, with term period of not more than one year.

(7.4.3) Shareholders' Agreement and establishment of a joint venture company must be approved by the Board of Directors before execution.

(7.5) To report on the progress of the approved projects to the Board of Directors for acknowledgement at every meeting.

(8) Other Matters

(8.1) Meeting quorum and discussions including voting in the Board of Executive Directors are to be adapted from the procedures of the Board of Directors.

(8.2) Matters that exceed the scope of duties and authorities of the Board of Executive Directors above are to be proposed to the Board of Directors for consideration and approval.

(8.3) The Board of Executive Directors has authority to appoint representative or assign the Executive Director and any employee of the Company, any position or anyone to act on behalf of the Board of Executive Directors, within the scope of duties and responsibilities which deemed appropriate on a case by case basis.

The Audit Committee

The board of directors has appointed the Audit Committee to have duties and responsibilities in compliance with regulations established by the board of directors, which can be summarized as follows:

(1) Qualifications

(A) Must be Independent Director of the Company

(B) Must not be the Director assigned by the Board to make business operation decision of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, or corporate with possible conflict, except that the decision is made based on a collective decision.

(C) Must not be the Director of the holding company, subsidiary company or subsidiary of the same level for only the listed company.

(D) Possesses sufficient knowledge and expertise to perform duties as the Audit Committee Member. Nonetheless, at least one member of the Audit Committee must have sufficient knowledge and expertise to perform and review a reliability of the financial statements.

(2) Composition

The Audit Committee, as approved by the Board of Directors, consists of at least three members, comprising of one Audit Committee Chairman, and at least two Audit Committee members, having the qualifications as stated in (1) above. The Audit Committee shall appoint appropriate person for Secretary to the Audit Committee. The Audit Committee members and the meeting attendance in 2014 are as follows:

Audit Committee	Position	Meeting Attendance in 2014
(1) Mr. Padoong Techasarintr	Audit Committee Chairman	9 out of 9
(2) Mr. Adul Tantharatana	Audit Committee Member	9 out of 9
(3) Mrs. Duangkamol Suchato	Audit Committee Member	9 out of 9
(4) Mrs. Wanna Chomkhokkruad	Secretary	9 out of 9
Remarks: Audit Committee Member No. (1) and (3) above possess knowledge and expertise to perform and review the reliability of the financial statements.		

(3) Office Term

The member of the Audit Committee (including the Audit Committee Chairman) has a 3-year term each. The member of the Audit Committee who is retired by rotation may be re-appointed.

(4) Duties and Responsibilities of the Audit Committee

(A) To review that the disclosure of information in the Company's financial reports are correct and adequate.

(B) To review that the Company has established appropriate and effective internal control system and internal audit system and observe the independence of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.

(C) To review that the Company abides by the law and regulations of the Securities and Exchange and the regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.

(D) To select and propose for appointment of the Company's auditor and the audit fee based on the trustworthiness, adequacy of the resources and audit work amount by the audit firm, as well as work experience of the personnel assigned to perform the financial audit of the Company; and to attend a meeting with the auditor without the presence of the management for at least once a year.

(E) To consider the connected transactions or transactions that may involve conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are appropriate and most beneficial to the Company.

(F) To prepare the Report of the Audit Committee and disclose the report in the Company's Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and must at least contain the following information.

- Opinions concerning with the correctness, completeness and trustworthiness of the financial reports of the Company.
- Opinions concerning with the adequacy of the Company's internal control system.
- Opinions concerning with the Company's compliance with the law and regulations of the Securities and Exchange and regulations of the Stock Exchange of Thailand, or any law governing the Company's business.
- Opinions concerning with the appropriateness of the auditor.
- Opinions concerning with the transactions that may involve conflict of interest.
- The number of the Audit Committee's Meetings and attendance record for each of the Audit Committee Members.
- Opinions or overall observation that the Audit Committee has received by performing according to the Charter of the Audit Committee.
- Other reports which should be acknowledged by the shareholders and general investors under the duties and responsibilities assigned from the Board of Directors of the Company.

(G) To periodically present the Report of the Audit Committee to the Company's Board of Directors for at least once every quarter.

(H) To perform other activities as delegated by the Company's Board of Directors with consent from the Audit Committee.

(5) Within the duties performed by the Audit Committee, should any of the following transactions or actions be found or suspected to have significant impact to the Company's financial status and operating results, the Audit Committee shall report to the Company's Board of Directors so that the matter may be resolved within the time period that the Audit Committee deem appropriate.

(A) Transaction having conflict of interest

(B) Illegal conduct or irregularity or significant deficiency in the internal control system.

(C) Violation of laws relating to the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to Company's business.

Should the Company's Board of Directors or executives did not resolve the matter within the established time period, any one of the Audit Committee members may report of the said transaction or action to the Securities and Exchange Commission or the Stock Exchange of Thailand.

(6) The Audit Committee may audit the concerning persons and matters within the authorities of the Audit Committee and may seek independent professional counsel when it is deemed necessary and appropriate.

The Risk Management Committee

- The Risk Management Committee consists of executives from all departments of the Company, and appointed by the Board of Directors. The members, positions, meeting attendance in 2014 are as follows:

Risk Management Committee	Position	Meeting Attendance in 2014
(1) Mr. Pilas Puntakosol	Chairman	12 out of 12
(2) Mr. Anun Louharanoo	Member	11 out of 12
(3) Mr. Srihasak Arirachakaran	Member	9 out of 12
(4) Mr. Vacharachai Nachailert	Member	11 out of 12
(5) Mr. Prasert Promdech	Member	9 out of 12
(6) Mrs. Petcharat Chayanon	Member	12 out of 12
(7) Mr. Saharat Vatanatumrak	Member	11 out of 12
(8) Mr. Sudusit Ounsangchan	Member	11 out of 12
(9) Mrs. Wanna Chomkhokkruad	Member and Secretary	11 out of 12

- The Risk Management Committee has the following duties:

(1) To consider possible risk factors which may impact the operation of the Company and find ways to reduce or minimize the risks.

(2) To periodically report on the risk management for each issue to the Board of Executive Directors and the Board of Directors at least once every quarter.

The Executives of the Company

- The Executives of the Company includes Chief Executive Officer and first four persons in management positions below Chief Executive Officer and also include all those persons who are in the equivalent positions as management level four and persons who are in the management level involving accounting and finance from manager level up or equivalent. The Company's executives consist of 10 persons with names and position as follows.

Executive	Position
(1) Mr. Kraisi Sirirungsi	Chief Executive Officer
(2) Mr. Pilas Puntakosol	Coal Business Director
(3) Mr. Anun Louharanoo	Chief Financial Officer
(4) Mr. Srihasak Arirachakaran	Business Development and Marketing Director
(5) Mrs. Petcharat Chayanon	Senior Manager-Accounting and Administration
(6) Mr. Prasert Promdech	Senior Manager-International Coal Sales
(7) Mr. Vacharachai Nachailert	Senior Manager-Domestic Coal Sales
(8) Mr. Tanat Tantisunthorn	Senior Manager-Market Development
(9) Mr. Sudusit Ounsangchan	Senior Manager-Core Business Development
(10) Mr. Saharat Vatanatumrak	Senior Manager-Diversified Business Development

- **The Chief Executive Officer has the following scope of duties and responsibilities:**

(1) Duties and Responsibilities

(1.1) To effectively control, monitor and supervise the day-to-day management of the Company, in accordance with the resolutions of the Shareholders' Meeting/Board of Directors/Board of Executive Directors and Company's objectives and articles of association so as to maximize Company's benefits for short and long-term period.

(1.2) To prepare the annual corporate plan and budget including earnings and expenses, manpower, employees' expenses, and investment budget to be proposed annually to the Board of Directors for approval within 30 days before the end of the year.

(1.3) To manage the Company according to the policy and corporate plan established by the Board of Directors, and according to the earnings and expenses and investment budget approved by the Board of Directors.

(1.4) To report operating results to the Board of Executive Directors once every month and prepare summary report for the Board of Directors once every quarter.

(1.5) To function under the relevant laws concerning with the Company, as well as follow the Company's contractual commitments with the government authorities, creditors and the third parties.

(1.6) To manage Company's finance in accordance with the financial plan approved by the Board of Directors, as well as Company's contractual commitments to every creditor.

(1.7) To undertake or carry out certain individual tasks as assigned by the Board of Directors/Board of Executive Directors on a case by case basis.

(2) Financial Authorities

(2.1) Having authority to approve daily and normal expenses according to the expenses and manpower budget plan as approved by the Board of Directors, including expenses obligated by the contracts between the Company and authorities and external parties and/or expenses as stipulated by the laws.

(2.2) Having authority to purchase/hire for fixed assets and/or transactions which are not considered normal business operation according to the budget plant as approved by the Board of Directors within Baht 2 million each time per one transaction.

(2.3) Having authority to obtain a loan for the business of the Company within the credit amount and under conditions and terms which have been approved by the Board of Directors. In the case that the assets of the Company must be used for loan guarantee, the matter must be approved by the Board of Directors every time, **except** for the following matters that are considered normal transaction, having authority in every case.

(a) Opening of Letter of Credit (L/C) including Trust Receipt and Shipping Guarantee for the purchase/hire of item from overseas.

(b) Obtaining bank guarantee of commercial bank and/or financial institution as guarantee for contractual obligation of the Company with the authorities and external parties.

(c) Execution of risk protection contracts on foreign currencies such as forward exchange contracts, etc., but only in the case that the Company has contractual obligation that must make payment in foreign currencies.

(2.4) Approving of advance for the employee for use in the Company's business as follows:

(2.4.1) For expenses according to contractual obligation or by laws and/or as already approved by the Board of Directors for the advance to actual payment such as land cost, electricity tariff and other utilities' expenses, royalties and taxes, etc.

(2.4.2) For other items besides (2.4.1), can approve for not more than Baht 500,000 (five hundred thousand Baht) each time or per item.

(2.5) Having authority to set provision and/or write off bad debt of the Company at not more than Baht 50,000 (fifty thousand Baht) each time or per item during each financial year, and not exceeding Baht 1,000,000 (one million Baht) overall in the financial year, and report the matter to the Board of Executive Directors once every month.

(2.6) Having authority to write off inventory and/or damaged or lost assets, including sale and/or make compensation at not more than Baht 50,000 (fifty thousand Baht) each time and not more than Baht 1,000,000 (one million Baht) overall in a financial year, and report the matter to the Board of Executive Directors once every month.

(3) Production Authorities

(3.1) To establish production target and plan for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(3.2) To plan and perform production in accordance with the plan and target as approved by the Board of Directors at the lowest cost. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(3.3) To establish target and strategy for additional exploration or acquisition of coal deposits or other minerals that have commercial benefits in order to increase production and distribution potential of the Company in the future and for Company's business expansion and long term and sustainable growth, as established by the Board of Executive Directors.

(4) Marketing Authorities

(4.1) To establish target, plan and strategy for the marketing the products for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(4.2) To plan and distribute products in accordance with the plan and target as approved by the Board of Directors in order for the Company to maintain or increase its market share, as well as to increase and maximize the revenue and profit. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(4.3) Having authority to establish pricing and conditions for the sales and service of the Company as established by the Board of Executive Directors and/or according to the contractual obligation with every customer.

(4.4) Having authority to purchase/hire for production and/or to import products for selling in order for the Company to maintain or increase its market share, as well as increase and maximize the revenue and profit, after the approval by the Board of Executive Directors.

(4.5) Having authority to sell products and service both domestically and overseas by entering into contractual obligation of not more than three years, including appointment of sales representative of not more than one year each time.

(5) Employment Authorities

(5.1) Having authority to establish suitable number of manpower or employees in line with the Company's business operation, as well as, to set salaries and wages, compensations and bonuses for every employee at every level according to the manpower and budget as approved by the Board of Directors, **except** for employee of director level and above which must be approved by the Board of Executive Directors first.

(5.2) Having authority to employ, appoint, transfer, remove and terminate every employee and every level, except for employee of director level and above which must be approved by the Board of Executive Directors first.

(5.3) Having authority to establish job regulations and benefits for the employees of the Company following the criteria, conditions and budget as approved by the Board of Directors.

(6) Authorities concerning Legal Case and Contract

(6.1) Having authority to execute only the contract that is considered normal daily business operation according to the budget approved by the Board of Directors, not more than one year each time.

(6.2) Having authority to file a legal case and put up a defense for the benefit of the Company by reporting to the Board of Directors for acknowledgement at every meeting and when the legal case occurs.

(7) Authorities concerning Projects

(7.1) To consider and perform preliminary feasibility study of the project that is deemed beneficial to the Company's business operation in the future and/or providing satisfactory return in long term.

(7.2) To consider hiring consultants for the projects within the budget approved by the Board of Directors.

(7.3) If the project is found to be feasible after the project's feasibility study, detailed information of the project is to be presented to the Board of Directors for consideration and approval before execution.

(7.4) For the approved project, the scope of authorities are as follows:

(a) To establish operation plan, budget and target in order to achieve objectives or internal rate of return as expected.

(b) Having authority to contact, negotiate and execute a memorandum of understanding concerning with the joint venture, with term period of not more than one year.

(c) Shareholders Agreement and establishment of a joint venture company must be approved by the Board of Directors before execution.

(7.5) To report on the progress of the approved projects to the Board of Directors for acknowledgement at every meeting.

(8) Other Matters

(8.1) Any matters that must be proposed for approval and/or to obtain approval from the Board of Directors, Chief Executive Officer will propose to the Board of Executive Directors for consideration before proposing to the Board of Directors.

(8.2) Matters that exceed the scope of duties and authorities of the Chief Executive Officer above are to be proposed to the Board of Executive Directors consideration and approval before execution.

(8.3) The Chief Executive Officer may give authorities any employee of the Company, any position or anyone to act on behalf within the scope of duties and responsibilities which deemed appropriate on a case by case basis.

The Board of Directors, committee, directors or management as an individual or as a group shall not give authority to recipients who may benefit from having authority or recipients that may have conflict of interest with the Company, subsidiaries and affiliated companies unless it has been approved or is a general business operating duty with clear boundaries.

Company Secretary

The Board of Directors has appointed Mr. Anun Louharanoo as the Company Secretary (his resume on page 160 of this Annual Report) having the scope of duties and responsibilities of the Company Secretary as follows:

(1) Provide initial suggestions to the Directors concerning with rules, regulations and regulations of the Company and monitor the operation for compliance including report of any significant changes.

(2) Arrange the Shareholder's Meeting and Board of Directors' Meeting according to laws and regulations as well as relevant laws of the authorities.

(3) Prepare the minutes of the Shareholders' Meeting and Board of Directors' Meeting, including monitor that the resolutions from the Shareholders' Meeting and Board of Directors' Meeting are followed.

(4) Supervise on the disclosure of information and report within scope of responsibilities according rules and regulations established by the Stock Exchange of Thailand and Securities and Exchange Commission.

(5) Prepare and Safekeeping of the following documents:

(5.1) Directors' Register

(5.2) Board of Directors' Meeting Invitations and Minutes

(5.3) Shareholders' Meeting Invitations and Minutes

(5.4) Company's Annual Reports

(6) Safekeeping of the reports of stake/interest which are reported by the Directors and Executives.

(7) Supervise the activities of the Board of Directors and perform other matters according to laws or assigned by the Board of Directors.

Information on Employees

Number of Employees and Compensation

In 2014, the Company and its affiliated companies have the following number of employees and employees-related expenses.

Description	Year 2014		
	Company Only	Affiliated Companies	Total
Number of Employees as at End of Year (Persons)	74	791	865
Employees-Related Expenses per Year (Million Baht)	88	338	426

Remunerations paid to the employees in 2014 comprises of monthly salaries, wages, bonuses or annual remunerations, provident fund contributions and other welfares, which may be both paid on a monthly fixed basis and vary according to the operating results and performance.

Personnel Development Policy

The Company and the affiliated companies give priorities to the development and improvement of personnel, modern technology system for the operation corresponding to the changing conditions to sustain long term growth with quality and stability. The Company has policy on personnel development which is carried out consistently to increase knowledge, skill and expertise as well as work effectiveness of the employees at every level and to encourage development of knowledge and skill of employees through on-the-job training with new employee having a supervisor for each line of work assigned to train the new employee. Training courses have been regularly organized internally by inviting lecturers or speakers to pass on their experience and additional knowledge to the employees. The Company also sends its employees and executives to training program and seminars with topics relating to the work of each department for additional knowledge.

In addition, the Company has established regulations concerning training and development of employees and enrolled the executives in the Master of Business Administration Program and other courses at reputable universities. In addition, the Company has established various personnel development and training programs and activities such as workshops in order to develop the executives, reinforcement of knowledge and relationship within the working teams, as well as making plans and improvement of strategies to develop the Company for higher efficiency. Moreover, the Company has made investments overseas, especially in the coal mining business in Indonesia–the core business–and therefore, English and Indonesian Bahasa language training courses have been provided including knowledge on the basic laws and regulations, the traditions and culture for the employees who must travel to work in such country to have correct understanding and follow the laws and regulations correctly, preventing issues and difficulties while working in the country. In 2014, the Company has provided trainings for executives and employees to develop their potential as follows:

Employee Level	Average Training Hour per Person	Objective of Training
Management Level	25	To develop employees' management skills together with perspective and vision.
Heads of Departments and employees	31	To develop personal competence and skills in working together as a teamwork

Corporate Culture

Corporate culture is regarded as committed value fusing the employees together to achieve Company's goals. The Company has the corporate culture named "LANNAR Spirit" (more detail on page 15 of this Annual Report). In the past year, the Company organized trainings for employee to encourage continuous learning and recognize value of corporate culture.

The Company organized trainings under the topic 'Boost up Inspiration to Success' and invited Asst.Prof.Dr. Chonlvit Jearajit, Dean, Faculty of Social Science at Srinakharinwirot University as a speaker. Three training sessions were held on April 30, 2014 at Sivatel Hotel, November 6 and 11, 2014 at the Aetas Hotel Bangkok.



The Company organized a training, 'Teamwork Workshop', on May 17-18, 2014 at the Pine Resort, Pathum Thani. Prof.Pathum Saithong, external audit, the Office for National Education Standards and Quality Assessment was invited as a speaker.



Policies and Guidelines Concerning Remunerations of Employees

• The Company's remuneration of employee is appropriate and is comparable to general practice of companies in the same industry with yearly readjustment accordingly to individual's performance. The Company offers remuneration rate above wage policy as stipulated by laws (minimum daily wage of 300 baht). Furthermore, the Company offers wide range of benefits e.g. bonus, business trip allowance etc.

Employee Code of Conduct

• The Company has established measure and practice guideline on the employee code of conduct for the employees to constantly follow and abide by on a regular basis as follows:

(1) Perform duties with honesty, discipline, accountability and awareness of assigned duties and with aim to attain advancement and security for themselves and the Company.

(2) Jointly create unity and harmony among the groups of employees; perform duties and resolve problems together and professionally with maximum effectiveness and efficiency; ready for better changes; able to respond to changes and use work skills to achieve maximum benefit.

(3) Be serious and attentive and perform duties diligently and patiently; aim to build and develop the Company to achieve its excellence.

(4) Use the Company's assets in the most efficient manner and protect the assets from improper depreciation or loss, and not to use the Company's assets for personal benefit and others or use the assets fraudulently or illegally.

(5) Must maintain confidential information of the customers, trading partners and the Company and must not disclose confidential information related to the business of the Company or use the inside information to dishonestly gain personal benefit and/or for other parties.

(6) Do not use work position to gain any personal benefit and/or others fraudulently, including the following:

(6.1) Employees are strictly prohibited from receiving cash or any other compensation from customers, trading partners or persons having connected business with the Company.

(6.2) Employees should avoid receiving gifts from the customers, trading partners or persons having connected business with the Company due to possible conflict of interest, except for accepting gifts during special or traditional occasions of which gifts must be of small and appropriate values, not excessive or unreasonable. Every employee can use own judgment whether it is appropriate to accept such gift. The employee should seek advice or recommendation from the supervisor if he/she feels uncertain about accepting the gift.

(7) Cooperate and assist in the work with every coworker for the interest of the Company and be respectful of other employees in the same organization.

(8) Be attentive and helpful in any activities for maintaining clean and safe working environment.

(9) Employees are prohibited from making accusation or abusive remarks to the Company, executives and coworkers without truth.

(10) Employees must strictly and regularly comply with the Company's regulations, Articles of Association and relevant laws, as well as support and cooperate in the practice of Company's business ethics or code of conduct for actual results.

(11) Notify the supervisor or relevant department of any wrongdoing or illegal activities and avoid or do not do anything that may damage the overall image or reputation of oneself and the Company.

Safety, Occupational Health and Environment

• The Company gives precedence to accident prevention and environmental protection by complying with relevant laws and regulations in order to ensure safety for the employees and to have good working environment, including continuing improvement on safety, occupational health and environment. Accordingly, the Company had no accident from work during year 2014.

• "5S" activity is part of the duty involving every employee at all levels. The superior has duty to supervise, promote and recommend for the efficiency and effectiveness with continuing improvement of the program. The activity is aimed to promote good working environment and safety as well as to instill basic consciousness of increasing effectiveness in the operation.

• The Company has been undertaking sustainability development. Environmentally, dust suppression is achieved by tree planting along the perimeter as wind barriers and installation of high-pressure sprinklers around coal storage and conveyer belt areas. Drainage water is collected in a sedimentary trap to prevent sediment being discharged to public waterways. In order to prevent debris on public roads, departing coal trucks are required to have a proper covering and must pass through provided wheel wash facilities. Air and water conditions are regularly inspected to ensure the effectiveness of measures taken towards dust suppression. Furthermore, the Company has constructed a closed coal storage system consisting of silos and conveying machinery to reassure minimal environmental impact.

• The Company has established guidelines on the safety, occupational health and environment as follows.

(1) The executive and employee must strictly follow and operate in accordance with the laws, policy, regulations and standard in terms of quality, safety, health and environment.

(2) The Company shall employ every means to control and prevent all types of loss from accident, fire, injury or illness from the workplace, loss or damage to the assets, safety system violation, improper method of operation and all the errors, including protection of environment in the workplace and safety to all employees. Accordingly, the report on any accident is the responsibility of the executive and employee by strictly follow the established procedure, regulation and order.

(3) The Company shall set up s prevention and control plan for emergency in every area of operation, including emergency and crisis management plan for the organization to be prepared for any emergency events that may occur and be ready for other crisis events which may halt the business operation, damage reputation and image of the organization.

(4) The Company shall arrange for the public relations and communication to build knowledge, understanding and dissemination of information to the employees including all stakeholders to acknowledge and understand the policy, regulations, procedure and any cautions in terms of quality, safety, health and environment, to strictly follow for correct implementation without creating any hazard to the health, assets and environment.

(5) The Company shall promote and instill consciousness in the quality, safety, health and environment as part of daily routine of the employee.

(6) The Company shall train the employees and increase role and duty of the supervisor in the control of operation so that it employs good safety system which is consistently followed.

(7) The Company shall improve on the safety and environmental standard to achieve international standard for good living quality and environment of the employees.

(8) The Company shall seriously and continuously take part in social responsibilities in terms of quality, safety, health and environment, and in the best use of natural resources by realizing the importance of environment and safety of related stakeholders, as well as promoting social activities in the environmental protection and improvement of living quality in the communities according to sustainable development principle.

Development of Employees' Quality of Life in the Workplace

The Company realizes good work performance comes from employee with good quality of life. Therefore, the Company has organized activities which promote health in order for the employees to become healthy which will promote quality and efficient work from the employees. The Company has organized the following activities to help develop the quality of life of the employees.

(1) Health Checkup Program for the Employees

The Company has arranged for the health checkup for the employees every year to assess health condition of each employee after receiving the results of the health checkup. The Company shall organize activities promoting health and health care for the employees as good health should promote better quality and more effective work performance from the employees.

(2) Influenza Vaccination Program

The Company has arranged to provide the employees with vaccination to protect employees from influenza every year to reduce employees' illness. The Company realizes that health is wealth which should be good for the business operation.



(3) Afterwork Exercise Project

The Company has organized exercise program after work for the employees by arranging a place for the employees to go for exercise to reduce health risk from stress such as office syndrome, etc. Accordingly, the employees have chosen to participate from many exercise programs.

(4) Health Care Project

The Company has organized health care program for the employees through website and journal of the Company to provide knowledge, recommendation and risk prevention that may affect health condition in both physical and mental by inviting medical doctors and health experts from reputable hospitals to provide recommendations on health, illnesses for the employees to understand and maintain good health.

(5) Employee Life and Health Insurance

In addition to the privileges that the employees have received from the Social Security Fund and Workmen's Compensation Fund, the Company has provided life and health insurance policy from reputable insurance companies for the employees. The employees may use health care services from the specified hospitals as well as insurance protection for loss of life due to accident and illness according to the coverage and conditions as stipulated in such insurance policy.

Provident Fund

The Company and employees have jointly established a provident fund under approval from the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530, which consists of employee contributions or saving deposit at 5 percent of the salary and employer contributions ranging from 5-10 percent depending on the employment period of the employee. This provident fund is managed by the Bank of Ayudhya Public Co., Ltd., which will pay back the saving deposit and employer contributions including benefit to the employee after employment termination according to the established provident fund regulation.

Employment Joint Investment Program

The Company's Board of Directors has approved the Employment Joint Investment Program (EJIP) for the employees of Lanna Resources Public Co., Ltd., having details as follows.

(1) Program Objectives

(1.1) This program is one type of welfare established especially for the employees of Lanna Resources Public Co., Ltd. to encourage the employees who are willing to join the joint investment program by purchasing the ordinary shares in Lanna Resources Public Co., Ltd. through trading system of the Stock Exchange of Thailand, which must be carried out in compliance with relevant laws and regulations.

(1.2) This program shall promote the employees to have a sense of business ownership and think in same course as the Company's shareholders, to build motivation of the employees to work efficiently and effectively, pushing the Company forward for sustainable growth and meet the business plan and targets in the future as anticipated.

(2) Program Period

This Program has commenced from January 1, 2012 until December 31, 2016 totaling 5 years period.

(3) Eligible Employees

Every salaried or permanent employee of the Company has the right to join the program except for those employees under work probation period. The program is on a voluntary basis with eligible employees accepting to comply strictly with the terms and conditions of the program and other related regulations. However, the directors and advisors of the Company are not included.

(4) Program Format

(4.1) The Company shall appoint SICCO Securities Public Co., Ltd. to manage the program by taking the program fund to purchase ordinary shares of Lanna Resources Public Co., Ltd. in the Stock Exchange of Thailand within the payroll date (last Friday of the month) or the date as specified by the Company of every month and every time the bonus is paid. The sources of program investment fund are as follows.

(4.1.1) The Company shall deduct 5 percent but not less than Baht 500 from the base salary of the eligible employee who volunteers to participate in the program, plus the annual bonus which the employee has notified his/her wish to include in the program with maximum amount not more than one month salary until the end of the program.

(4.1.2) The Company shall contribute its portion for the participating employee at 100 percent of the money paid in by the employee each time.

(4.1.3) The Company's investment ratio to the employee is 50 percent to 50 percent or 1:1.

(4.2) The employee who is a member of the program must open a separate securities trading account for this program and must pay the commission fee on the securities trading related to this program.

(4.3) The money contributed by the Company for the employee is regarded as income of each employee who has duty and responsibility to pay tax on a cash basis according to the Revenue Code or specified law for the money received.

(5) Silent Period

(5.1) Participating employee must strictly comply with the conditions concerning the silent period as follows.

(5.1.1) Within the first two years of the program (January 1, 2012 to December 31, 2013), the participating employee is not allowed to sell the invested shares.

(5.1.2) From the third year of the program (from January 1, 2014 onwards), the participating employee is allowed to sell shares accumulated in the first two years (January 1, 2012 to December 31, 2013) directly in the Stock Exchange of Thailand.

(5.1.3) From the fourth year of the program (from January 1, 2015 onwards), the participating employee is allowed to sell shares accumulated in the first three years (January 1, 2012 to December 31, 2014) directly in the Stock Exchange of Thailand.

(5.1.4) From the fifth year of the program (from January 1, 2016 onwards), the participating employee is allowed to sell shares accumulated in the first four years (January 1, 2012 to December 31, 2015) directly in the Stock Exchange of Thailand.

(5.1.5) At the end of the program period (from January 1, 2017 onwards), the participating employee is allowed to sell all the remaining shares.

(5.2) When the participating employee is no longer the Company's employee, retired, passed away or requests to withdraw from the program, the program status of such employee shall immediately end according to the conditions of the agreement between the Company and participating employee, which shall automatically result in the termination of the conditions of silent period in Item (5.1) above.

(6) Program Withdrawal

(6.1) Participating employee who once withdrawn from the program or the program status has been terminated are not eligible for re-enrollment.

(6.2) Participating employee can request for program termination or withdraw from the program prior to ending period but such participating employee must notify the Company at least one month in advance, having conditions concerning the termination request or withdrawal from the program prior to ending period or end of program participating status as follows.

(6.2.1) Employee who participates in the program or withdraws from the program within the first two years according to the silent period condition as specified above is required to return Company's contribution in full amount.

(6.2.2) Employee who participates or stays in the program for more than two years according to the silent period conditions as specified above is not required to return Company's contribution.

(6.2.3) Employee, who is retired, handicapped, pass away or laid off according to Company's condition or approval, is not required to return Company's contribution.

(7) This Program has already been endorsed from the Securities and Exchange Commission (SEC) on November 16, 2011; thereby the Company's executives are not required to report the change of shareholding in the Company according to the Form 59-2 from the acquisition of ordinary shares in this abovementioned Program.

INFORMATION ON DIRECTORS AND EXECUTIVES



Mr. Somkiart Limsong

Positions: Chairman of the Board
Age: 73 years
Nationality: Thai
Education:

- MBA., Harvard Business School
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 5/2003

Family Relationship with Executives: None
Past 5-Year Experiences:

1997-Present: Chairman, Limsong Co., Ltd.
1994-2001: Chairman, Gulf Electric Plc.
1968-1999: Last Position: Vice-Chairman of the Board, President, Executive Chairman and Managing Director of Siam City Cement Public Co., Ltd.



Mr. Paul Heinz Hugentobler

Positions: Director
Age: 65 years
Nationality: Swiss
Education:

- Harvard Business School International Senior Management Program
- Graduate School of Economics and Business of St. Gallen, Switzerland Lic. Oec. HSG (Master Degree)
- Swiss Federal Institute of Technology, Zurich B.Sc. in Civil Engineering

Family Relationship with Executives: None
Past 5-Year Experiences:

2000-Present: Director and Vice Chairman, Siam City Cement Public Co.,Ltd.
2007-Present: Commissioner, PT. Lanna Mining Services (a subsidiary company)
2004-2014: Director, Holcim Participations Ltd.
2001-2014: Member of the Executive Committee, Holcim Ltd.
1998-2014: Director, Holcim Capital (Thailand) Ltd.
1998-2014: Director, Thai Roc-Cem Ltd.

Mr. Vorathep Rangchaikul



Positions: Director
Age: 53 years
Nationality: Thai
Education:

- MBA. (Marketing), Detroit University, USA
- Bachelor of Engineering (Mechanical), Kasetsart University

Family Relationship with Executives: None
Past 5-Year Experiences:

2013-Present:	Director, Chief Executive Officer, Siam City Cement Public Company Limited
2014-Present:	Director, Siam City Concrete Company Limited
2014-Present:	Director, Conwood Company Limited
2014-Present:	Chairman, Siam City Power Company Limited
2014-Present:	Director, Insee Super Block Company Limited
2014-Present:	Chairman, Energy and Environmental Service Company Limited
2014-Present:	Director, Insee Digital Company Limited
2009-2013:	Managing Director and Chief Executive Officer, Dutch Mill Company Limited
2009-2013:	Managing Director and Chief Executive Officer, Kuiburi Fruit Canning Company Limited

Mr. Kraisi Sirirungsi



Positions: Director, Executive Chairman, Chief Executive Officer, Authorized Director
Age: 64 years
Nationality: Thai
Education:

- Bachelor of Engineering (Mining Engineering and Mining Geology)
  Chulalongkorn University
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 39/2005
- The National Defence Course for the Joint State-Private Sectors.
  Thailand National Defence College Year 1999, Class 4212

Family Relationship with Executives: None
Past 5-Year Experiences:

2008-Present:	Commissioner, PT. Singlurus Pratama, (Subsidiary)
2006-Present:	President Commissioner, PT. Lanna Mining Services, (Subsidiary)
2003-Present:	Director and Vice Chairman, Thai Agro Energy Public Company Limited, (Subsidiary)
1998-Present:	Commissioner, PT. Lanna Harita Indonesia, (Subsidiary)
1996-Present:	Director, United Bulk Shipping Pte.Ltd. (Associated Company)

Mr. Suroj Subhasavasdikul



Positions: Director, Executive Director, Authorized Director
Age: 72 years
Nationality: Thai
Education:

- Ph.D. in Chemical Engineering Institute Du Genie Chimique, France
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 39/2005

Shareholding in Company and Affiliates as at December 31, 2013: None
Family Relationship with Executives: None
Past 5-Year Experiences:

2006-Present: Vice Chairman, Thai Agro Energy Public Co., Ltd.
1996-Present: Director, United Bulk Shipping Pte. Ltd. (Associated Company)
1992-2011: Director and Independent Director, Royal Porcelain Public Co., Ltd.

Mr. Visit Tantisunthorn



Positions: Director, Executive Director
Age: 55 years
Nationality: Thai
Education:

- B.A. (Statistics), Chulalongkorn University
- MBA, University of Wisconsin-Madison
- Certificate: Thai Institute of Directors Association
  Director Certification Program (DCP) Class 17/2001
- The National Defence Course for the Joint State-Private Sectors.
  Thailand National Defence College Year 2004
- Capital Market Academy Course Class 3
- King Prajadhipok's Institute Course Class 5

Family Relationship with Executives:

- Cousin of Mr. Tanon Tantisunthorn, Company's Director
- Cousin of Mr. Tanat Tantisunthorn, Company's Senior Manager-Market Development

Past 5-Year Experiences:

2014-Present: Director, Alter Energy Co., Ltd.
2006-2009: Director, IRPC Plc.
2005-2009: Chairman, Royal Porcelain Public Co., Ltd.
2001-2009: Director, Tippaya Insurance Public Co., Ltd.
2001-2009: Secretary General, Government Pension Fund

Mr. Padoong Techasarintr



Positions: Audit Committee Chairman, Independent Director
Age: 74 years
Nationality: Thai
Education:

- Bachelor Degree : Science in Accounting and Commerce, Thammasat University
- Certificate: Thai Institute of Directors Association
  The Role of Chairman Program (RCM) Class 6/2002
  Director Accreditation Program (DAP) Class 3/2003
  Director Certification Program (DCP) Class 55/2005

Family Relationship with Executives: None

Past 5-Year Experiences:

2000-Present: Independent Director/Audit Committee Member, Kulthorn Kirby Public Co., Ltd.
1999-Present: Independent Director/Audit Committee Member, C.P. All Pcl.
1999-Present: Independent Director/Audit Committee Chairman, Textile Prestige Public Co., Ltd.
1994-Present: Independent Director/Audit Committee Chairman, Thanulux Public Co., Ltd.
1988-Present: Director, Than Tao Mahaprom Foundation Erawan Hotel

Mr. Adul Tantharatana



Positions: Independent Director, Audit Committee Member
Age: 74 years
Nationality: Thai
Education:

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Certificates: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 3/2003
  Director Certification Program (DCP) Class 38/2003
  Audit Committee Program (ACP) Class 4/2005
  Finance for Non-Finance Director (FN) Class 7/2003
  DCP Refresher Course (RE DCP) Class 1/2008
  Monitoring the System of Internal Control and Risk Management (MIR) Class 14/2013

Family Relationship with Executives: None
Past 5-Year Experiences:

2002-2005: Director, Siam Gypsum Industry Co., Ltd.
1997-2004: Director, Lafarge Prestia Co., Ltd.
1989-1999: Director, Sakdi Chaiyasit Co., Ltd.
1988-1996: President, Siam Industrial Corporation Ltd.

Mrs. Duangkamol Suchato



Positions: Independent Director, Audit Committee Member
Age: 68 years
Nationality: Thai
Education:

- B.A. (Accounting), Thammasat University
- Certificate: Thai Institute of Directors Association
  Director Certification Program (DCP) Class 91/2007
  Director Accreditation Program (DAP) Class 64/2007
  Audit Committee Program (ACP) Class 71/2007

Family Relationship with Executives: None
Past 5-Year Experiences:

2007-2011: Independent Director, Royal Porcelain Public Co., Ltd.
2007-2009: Audit Committee Member, Royal Porcelain Public Co., Ltd.
1999-2002: Independent Director and Audit Committee Member, Karat Sanitaryware Public Co., Ltd.

Mr. Akasit Jirayuwanon



Positions: Independent Director
Age: 45 years
Nationality: Thai
Education:

- Bachelor of Engineering (Civil Engineering),
  King Mongkut's University of Technology Thonburi
- Master of Engineering (Structural Engineering)
  King Mongkut's University of Technology Thonburi
- Certificates: The Stock Exchange of Thailand
  CG Forum 3/2556 : Conflict of Interest : Fighting abusive RPT
  CG Forum 4/2556 : The Update COSO's 2013 Integrated Internal Control : What the Board and Management Should Do
  CG Forum 1/2557 : Effective in Boardroom : Route to Success & Best Practices
  CG Forum 2/2557 : Corporate Governance in the Perspective of Investors
  CG Forum 3/2557 : Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight

Family Relationship with Executives: None
Past 5-Year Experiences:

1996 - Present: Civil Engineer, BBTV Equity Co., Ltd.
2003 - Present: Project Engineer, Merit Holdings (1989) Co., Ltd. and Affiliates
2007 - Present: Project Engineer, Tonson Property Co., Ltd.
2007 - Present: Assistant Engineer, Eastern Star Real Estate Pcl.
2013-Present: Executive Director, Agriculture and Asset Co., Ltd.

Mr. Pilas Puntakosol



Positions: Director, Executive Director, Coal Business Director, Authorized Director
Age: 62 years
Nationality: Thai
Education:

- M.S. Finance, West Coast University U.S.A
- B.S.I.E., New Mexico State University U.S.A
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 39/2005

Family Relationship with Executives: None
Past 5-Year Experiences:

2008-Present: President Director, PT. Singlurus Pratama (Subsidiary)
2006-Present: President Director, PT. Lanna Mining Services (Subsidiary)
2003-Present: President Director, PT. Lanna Harita Indonesia (Subsidiary)
1996-Present: Director, United Bulk Shipping Pte. Ltd. (Associated Company)

Mr. Tanon Tantisunthorn



Positions: Director
Age: 42 years
Nationality: Thai
Education:

- Master of Science (Management), New York University
- MBA Finance, American University
- Bachelor of Engineering (Sanitary), Chulalongkorn University
- Certificate: Thai Institute of Directors Association
  Director Certification Program (DCP) Class 56/2005
- The 3rd Training Course on Administrative Justice for Executives, 2012

Family Relationship with Executives:

- Cousin of Mr. Visit Tantisunthorn, Company's Director and Executive Director
- Younger Brother of Mr. Tanat Tantisunthorn, Company's Senior Manager-Market Development

Past 5-Year Experiences:

2007-Present: Business Development Director, Gulf J.P. Holding Co., Ltd.
2006-2007: Assistant secretary to Finance Minister, Ministry of Finance
2005-2006: Business Development Manager, Gulf Electric Public Co., Ltd.
2001-2005: Member of the House of Representative, Tak Province

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Mr. Vanchai Tosomboon



Positions: Director
Age: 65 years
Nationality: Thai
Education:

- Master in Business Management, Asian Institute of Management
- Bachelor of Law, Thammasat University
- Certificate "Senior Management Program, Institute of Management Development (IMD), Switzerland Year 2006
- Certificate "Breakthrough Program for Senior Executives", Institute of Management Development (IMD), Switzerland Year 2002
- Certificate "Managing Corporate Resources", Institute of Management Development (IMD), Switzerland Year 2000
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 7/2004
  Director Certification Program (DCP) Class 7/2001
- Certificates: The Stock Exchange of Thailand
  CG Forum 2/2014 : Corporate in Governance in The Perspective of Investors.

Family Relationship with Executives: None

Past 5-Year Experiences:

2014-Present:	Audit Director, Krungsri Securities Public Co.,Ltd
2012-Present:	Director and Consultant, Siam City Cement Public Co., Ltd.
2002-Present:	Director, Conwood Co., Ltd.
1999-2014:	Director, Royal Porcelain Public Co., Ltd.
2004-2012:	Director and Vice Executive Chairman, Siam City Cement Public Co., Ltd.
2004-2012:	Director, Eagle Cement Holding Co., Ltd.
2004-2005:	Chairman of the Board, Karat Faucet Co., Ltd.
1999-2004:	Managing Director, Diamond Building Products Public Co., Ltd. (Formerly "Diamond Roofing Tiles Public Co., Ltd.)

Mr. Anun Louharanoo



Positions: Director, Executive Director, Chief Financial Officer, Authorized Director, and Company Secretary
Age: 61 years
Nationality: Thai

Education:

- B.A. (Accounting), Thammasat University
- B.A. (Law), Thammasat University
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 1/2003
  Director Certification Program (DCP) Class 29/2003
  Audit Committee Program (ACP) Class 2/2004
  DCP Refresh Course (RE DCP) 2/2006
  Improving the Quality of Financial Reporting (QFR) Class 2/2006
  Monitoring the Internal Audit Function (MIA) Class 1/2007
  Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
  Role of Compensation Committee Program (RCC) Class 7/2008
  Corporate Governance Workshop Board Performance Evaluation Year 2007
- Certificates: The Stock Exchange of Thailand
  CG Forum 3/2013 : Conflict of Interest : Fighting abusive RPT
  CG Forum 4/2013 : The Update coso's 2013 Integrated Internal Control : What the Board and Management should do
  CGR Workshop : Enhancing Good Corporate Governance Based on CGR Scorecard 2014
  CG Forum 4/2014 : Performance Assessment of the Board of Director and Remuneration of Directors Forum

Family Relationship with Executives: None

Past 5-Year Experiences:

2012-Present:	Independent Director and Audit Committee Member, Thailand Carpet Manufacturing Public Co., Ltd.
2008-Present:	Director, PT. Singlurus Pratama (Subsidiary)
2006-Present:	Commissioner, PT. Lanna Mining Services (Subsidiary)
2005-Present:	Independent Director, Audit Committee Member and Nomination and Remuneration Committee, Diamond Roofing Tiles Public Co., Ltd.
2003-Present:	Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
1998-Present:	Director, PT. Lanna Harita Indonesia (Subsidiary)

Mr. Srihasak Arirachakaran



Positions: Business Development and Marketing Director
Age: 55 years
Nationality: Thai
Education:

- Ph.D., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- M.Sc., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- B.Sc., Petroleum Engineering (with honor) University of Tulsa, Oklahoma, U.S.A
- Certificate: Thai Institute of Directors Association
  Director Accreditation Program (DAP) Class 107/2014
  Director Certification Program (DCP) Class 198/2014

Family Relationship with Executives: None
Past 5-Year Experiences:

2008-Present: Director, PT. Singlurus Pratama (Subsidiary)
2006-Present: Director, PT. Lanna Mining Services (Subsidiary)
2003-Present: Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
2002-Present: Commissioner, PT. Lanna Harita Indonesia (Subsidiary)

Mr. Tanat Tantisunthorn



Positions: Senior Manager - Market Development
Age: 46 years
Nationality: Thai
Education:

- MBA, Mount Vernon College, Washington DC, USA
- BA, Marymount University, Virginia, USA

Family Relationship with Executives:

- Cousin of Mr. Visit Tantisunthorn, Company's Director and Executive Director
- Older brother of Mr. Tanon Tantisunthorn, Company's Director

Past 5-Year Experiences:

2003-2005: Senior Manager-Domestic Sales, Lanna Resources Public Co., Ltd.
2001-2003: Senior Manager-International Sales, Lanna Resources Public Co., Ltd.
1997-2001: Business Development Manager, Gulf Electric Public Co., Ltd.
1996-1997: Equity Sales Officer, SCB Securities Public Co., Ltd.

Mr. Saharat Vatanatumrak



Positions: Senior Manager - Diversified Business Development
Age: 50 years
Nationality: Thai
Education:

- Bachelor of Engineering (Electrical Engineering), University of California, Los Angeles (UCLA), USA
- Corporate Secretary Development Program 2004, Chulalongkorn University
- Biomass and Waste Conversion Technologies Course 2008, King Mongkut's Institute of Technology North Bangkok

Family Relationship with Executives: None
Past 5-Year Experiences:

2010-Present:	Commissioner, PT. Lanna Mining Services (Subsidiary)
2008-Present:	Commissioner, PT. Singlurus Pratama (Subsidiary)
2004-Present:	Commissioner, PT. Lanna Harita Indonesia (Subsidiary)
1999-2001:	Project Manager, Universal Project Company Limited
1994-1999:	Project Manager, Infrastructure Development Company Limited

Mrs. Petcharat Chayanon



Positions: Senior Manager - Accounting and Administration
Age: 47 years
Nationality: Thai
Education:

- B.A. (Accounting), Thammasat University
- Federation of Accounting Professions Courses: Thai Financial Reporting Standards/Accountants' Role in the Next Decade/ Accounting Profession in AEC, 2013
- Bank of Thailand Seminar : AEC Important Facts, 2014
- Fiscal Policy Office Forum (FPO) : Evaluating Impact of Government Policies Implementation, 2014

Family Relationship with Executives: None
Past 5-Year Experiences:

2010-Present:	Director, PT. Lanna Mining Services (Subsidiary)
2009-Present:	Commissioner, PT. Singlurus Pratama (Subsidiary)
1993-2000:	Section Head Accounting, Lanna Resources Public Company Limited

Mr. Prasert Promdech



Positions: Senior Manager - International Coal Sales
Age: 46 years
Nationality: Thai
Education:

- Bachelor of Engineering (Mining Engineering), Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Course by Coaltrans Conferences Ltd : Coaltrans Coal Trading & Risk Management, Singapore, 2014

Family Relationship with Executives: None
Past 5-Year Experiences:

2010-Present:	Director, PT. Lanna Mining Services (Subsidiary)
2008-Present:	Commissioner, PT. Singlurus Pratama (Subsidiary)
2000-2004:	Chief Coal Transshipment, PT. Lanna Harita Indonesia (Subsidiary)

Mr. Vacharachai Nachailert



Positions: Senior Manager - Domestic Coal Sales
Age: 52 years
Nationality: Thai
Education: B.A. (Political Science), Ramkhamhaeng University
Family Relationship with Executives: None
Past 5-Year Experiences:

1996-2007:	Manager-Domestic Coal Sales, Lanna Resources Public Co., Ltd.
1992-1996:	Section Head-Coal Sales, Lanna Resources Public Co., Ltd.

Mr. Sudusit Ounsangchan



Positions: Senior Manager – Core Business Development
Age: 50 years
Nationality: Thai
Education: Major-Mining, Faculty of Engineering, Chulalongkorn University
Family Relationship with Executives: None
Past 5-Year Experiences:

2003-2008:	Senior Manager - Core Business Development, Lanna Resources Public Co., Ltd.
1997-2002:	Manager-Planning, Lanna Resources Public Co., Ltd.
1987-1996:	Mining Engineer, Sahakol Engineering Co., Ltd.

Shareholding in Lanna Resources Public Co., Ltd. By the Directors and Executives

Directors and/or Executives	Year 2013		Year 2014		Shares Increase (+)/Decrease(-) in 2014	
	Number of Shares	Proportion (%)	Number of Shares	Proportion (%)	Number of Shares	%
(1) Mr. Somkiart Limsong	31,626,460	6.024	33,355,460	6.353	+1,729,000	+5.467
(2) Mr. Paul Heinz Hugentobler	404,100	0.077	207,900	0.040	-196,200	-48.552
(3) Mr. Padoong Techasarintr	-	-	-	-	-	-
(4) Mr. Adul Tantharatana	-	-	-	-	-	-
(5) Mrs. Duangkamol Suchato	180,000	0.034	180,000	0.034	-	-
(6) Mr. Suroj Subhasavasdikul	-	-	-	-	-	-
(7) Mr. Kraisi Sirirungsi	42,371,793	8.071	9,529,752	1.815	-32,842,041	-77.509
(8) Mr. Akasit Jirayuwanon	-	-	-	-	-	-
(9) Mr. Vorathep Rangchaikul	-	-	-	-	-	-
(10) Mr. Vanchai Tosomboon	1,601,050	0.305	1,751,050	0.334	+150,000	+9.369
(11) Mr. Visit Tantisunthorn	6,430,500	1.225	6,430,500	1.225	-	-
(12) Mr. Tanon Tantisunthorn	-	-	-	-	-	-
(13) Mr. Pilas Puntakosol	403,880	0.077	530,518	0.101	+126,638	+31.355
(14) Mr. Anun Louharanoo	1,030,568	0.196	1,133,082	0.216	+102,514	+9.947
(15) Mr. Tanat Tantisunthorn	17,168,302	3.270	17,194,616	3.275	+26,314	+0.153
(16) Mr. Srihasak Arirachakaran	148,666	0.028	253,940	0.048	+105,274	+70.812
(17) Mrs. Petcharat Chayanon	42,448	0.008	73,278	0.014	+30,830	+72.630
(18) Mr. Prasert Promdech	60,108	0.011	108,264	0.021	+48,156	+80.116
(19) Mr. Vacharachai Nachailert	45,491	0.009	77,662	0.015	+32,171	+70.719
(20) Mr. Sudusit Ounsangchan	37,151	0.007	48,113	0.009	+10,962	+29.507
(21) Mr. Saharat Vatanatumrak	52,257	0.010	91,728	0.017	+39,471	+75.532

Shareholding in Thai Agro Energy Public Co., Ltd (Subsidiary) By the Directors and Executives

Directors and/or Executives	Year 2013		Year 2014		Shares Increase (+)/Decrease(-) in 2014	
	Number of Shares	Proportion (%)	Number of Shares	Proportion (%)	Number of Shares	%
(1) Mr. Somkiart Limsong	-	-	6,679,092	0.668	+6,679,092	N/A
(2) Mr. Paul Heinz Hugentobler	-	-	-	-	-	-
(3) Mr. Padoong Techasarintr	-	-	-	-	-	-
(4) Mr. Adul Tantharatana	-	-	-	-	-	-
(5) Mrs. Duangkamol Suchato	-	-	36,000	0.004	+36,000	N/A
(6) Mr. Suroj Subhasavasdikul	-	-	-	-	-	-
(7) Mr. Kraisi Sirirungsi	41,500,000	5.188	45,300,000	4.530	+3,800,000	+9.157
(8) Mr. Akasit Jirayuwanon	-	-	-	-	-	-
(9) Mr. Vorathep Rangchaikul	-	-	-	-	-	-
(10) Mr. Vanchai Tosomboon	-	-	-	-	-	-
(11) Mr. Visit Tantisunthorn	17,350,000	2.169	17,373,000	1.737	+23,000	+0.133
(12) Mr. Tanon Tantisunthorn	-	-	-	-	-	-
(13) Mr. Pilas Puntakosol	-	-	100,269	0.010	+100,269	N/A
(14) Mr. Anun Louharanoo	4,550,000	0.569	4,771,895	0.477	+221,895	+4.877
(15) Mr. Tanat Tantisunthorn	-	-	-	-	-	-
(16) Mr. Srihasak Arirachakaran	-	-	45,940	0.005	+45,940	N/A
(17) Mrs. Petcharat Chayanon	-	-	-	-	-	-
(18) Mr. Prasert Promdech	-	-	-	-	-	-
(19) Mr. Vacharachai Nachailert	-	-	-	-	-	-
(20) Mr. Sudusit Ounsangchan	-	-	-	-	-	-
(21) Mr. Saharat Vatanatumrak	-	-	-	-	-	-

Remarks: Disclosed information includes spouse, minor child, proxy and/or related individual.

Positions of the Company's Executives in the Subsidiary, Associated and Related Companies

Executive Name	Lanna Resources Public Co., Ltd.	Subsidiary Companies				Associated Company	Other Related Companies
		1	2	3	4		
(1) Mr. Somkiart Limsong	X	-	-	-	-	-	-
(2) Mr. Paul Heinz Hugentobler	/	-	/	-	-	-	/
(3) Mr. Vorathep Rangchaikul	/	-	-	-	-	-	/
(4) Mr. Vanchai Tosomboon	/	-	-	-	-	-	/
(5) Mr. Tanon Tantisunthorn	/	-	-	-	-	-	-
(6) Mr. Padoong Techasarintr	/,XXX	-	-	-	-	-	-
(7) Mrs. Duangkamol Suchato	/,///	-	-	-	-	-	-
(8) Mr. Adul Tantharatana	/,///	-	-	-	-	-	-
(9) Mr. Akasit Jirayuwanon	/	-	-	-	-	-	-
(10) Mr. Kraisi Sirirungsi	/,XX	/	X	/	/X	/	-
(11) Mr. Suroj Subhasavasdikul	/,//	-	-	-	/X	/	-
(12) Mr. Visit Tantisunthorn	/,//	-	-	-	-	-	-
(13) Mr. Pilas Puntakosol	/,//	XX	XX	XX	-	/	-
(14) Mr. Anun Louharanoo	/,//	//	/	//	/,///	-	-
(15) Mr. Srihasak Arirachakaran	-	/	/	//	/	-	-
(16) Mrs. Petcharat Chayanon	-	-	//	/	-	-	-
(17) Mr. Tanat Tantisunthorn	-	-	-	-	-	-	-
(18) Mr. Prasert Promdech	-	-	//	/	-	-	-
(19) Mr. Sudusit Ounsangchan	-	-	-	-	-	-	-
(20) Mr. Vacharachai Nachailert	-	-	-	-	-	-	-
(21) Mr. Saharat Vatanatumrak	-	/	/	/	-	-	-

Subsidiary Company	1. = PT. Lanna Harita Indonesia 2 = PT. Lanna Mining Services 3. = PT. Singlurus Pratama 4 = Thai Agro Energy Public Co., Ltd.
Associated Company	United Bulk Shipping Pte. Ltd.
Related Company	Siam City Cement Public Company Limited, holding 44.99% of paid-up capital in Lanna Resources Public Company Limited.

Remarks : X = Chairman of the Board, /X = Vice Chairman, / = Director (Commissioner for Indonesian companies)
XX = Executive Chairman, // = Executive Director (Director for Indonesian companies)
XXX = Audit Committee Chairman, /// = Audit Committee Member

Information on Directors of the Subsidiary and Associated Companies

Director's Name	Subsidiary Companies				Associated Company
	1	2	3	4	
1. Mr. Visith Noiphan	-	-	-	X	-
2. Mr. Somchit Limwathanagura	-	-	-	/	-
3. Mr. Padetpai Meekun-iam	-	-	-	/,XXX	-
4. Mr. Kraisi Sirirungsi	/	X	/	/X	/
5. Mr. Paul Heinz Hugentobler	-	/	-	-	-
6. Mr. Suroj Subhasavasdikul	-	-	-	/X	/
7. Mr. Somchai Lovisuth	-	-	-	/	-
8. Mr. Pilas Puntakosol	XX	XX	XX	-	/
9. Mr. Anun Louharanoo	//	/	//	/,//	-
10. Mr. Srihasak Arirachakaran	/	//	//	/	-
11. Mr. Atichart Mongkol	//	-	-	-	-
12. Mr. Arkom Laoharanoo	/	//	-	-	-
13. Mrs. Petcharat Chayanon	-	//	/	-	-
14. Mr. Saharat Vatanatumrak	/	/	/	-	-
15. Mr. Panot Charoensuk	-	/	//	-	-
16. Mr. Thamrong Angsakul	//	-	-	-	-
17. Mr. Prasert Promdech	-	//	/	-	-
18. Mr. Ludi Prasetyo Hartono	-	-	//	-	-
19. Mrs. Yocke Kaseger	-	-	X	-	-
20. Mr. Sonny Susanto	-	-	//	-	-
21. Mr. Toto Iman Dewanto	-	-	/	-	-
22. Mr. Lim Hariyanto Wijaya Sarwono	X	-	-	-	-
23. Mr. Lim Gunawan Hariyanto	//	-	-	-	-
24. Mr. Lim Gunardi Hariyanto	//	-	-	-	-
25. Mr. Parasian Simanungkalit, SH	/	-	-	-	-
26. Mr. Ng Han Whatt Henry	/	-	-	-	X
27. Mr. Lee Boon Wah	//	-	-	-	/
28. Mr. Patrick Ng Bee Soon	-	-	-	-	/
29. Mrs. Ng Bee Bee	-	-	-	-	/

Subsidiary Companies		Associated Company
1 = PT. Lanna Harita Indonesia	3 = PT. Singlurus Pratama	United Bulk Shipping Pte. Ltd.
2 = PT. Lanna Mining Services	4 = Thai Agro Energy Public Co., Ltd.	

Remarks : X = Chairman of the Board, /X = Vice Chairman, / = Director (Commissioner for Indonesian companies)
XX = Executive Chairman, //=Executive Director (Director for Indonesian companies)
XXX = Audit Committee Chairman, /// = Audit Committee Member

Remuneration of Directors and Executives

Explicit Remuneration

- In 2014, the Company had paid remunerations for the Directors in the form of monthly salary and annual remuneration (bonus) as follows:

(Unit: Baht)

Director's Name	Position in Company	Year 2014			Year 2013		
		Salary	Bonus	Total	Salary	Bonus	Total
(1) Mr. Somkiart Limsong	Chairman	720,000	814,758	1,534,758	720,000	1,016,130	1,736,130
(2) Mr. Kraisi Sirirungsi	Director	360,000	611,073	971,073	360,000	762,090	1,122,090
(3) Mr. Paul Heinz Hugentobler	Director	360,000	407,379	767,379	360,000	508,065	868,065
(4) Mr. Vorathep Rangchaikul (Appointed on March 4, 2014)	Director	300,000	-	300,000	-	-	-
(5) Mr. Suroj Subhasavasdikul	Director	360,000	407,379	767,379	360,000	508,065	868,065
(6) Mr. Vanchai Tosomboon	Director	360,000	407,379	767,379	360,000	508,065	868,065
(7) Mr. Visit Tantisunthorn	Director	360,000	407,379	767,379	360,000	508,065	868,065
(8) Mr. Pilas Puntakosol	Director	360,000	407,379	767,379	360,000	508,065	868,065
(9) Mr. Tanon Tantisunthorn	Director	360,000	407,379	767,379	360,000	508,065	868,065
(10) Mr. Anun Louharanoo	Director	360,000	407,379	767,379	360,000	508,065	868,065
(11) Mr. Padoong Techasarintr	Independent Director	360,000	407,379	947,379	360,000	508,065	1,048,065
	Audit Committee Chairman	180,000			180,000		
(12) Mr. Adul Tantharatana	Independent Director	360,000	407,379	887,379	360,000	508,065	988,065
	Audit Committee Member	120,000			120,000		
(13) Mrs. Duangkamol Suchato	Independent Director	360,000	407,379	887,379	360,000	508,065	988,065
	Audit Committee Member	120,000			120,000		
(14) Mr. Akasit Jirayuwanon	Independent Director	360,000	407,379	767,379	240,000	-	240,000

- The Company paid remunerations to the executives in the form of monthly salary and bonus which varies according to operating results of the Company as follows.

Executives' Remuneration	Year 2014		Year 2013	
	Number of Persons	Baht per Year	Number of Persons	Baht per Year
Monthly Salary	10	33,289,740	10	31,454,820
Annual Remuneration (Bonus)	10	8,132,435	10	7,678,705
Total Remuneration	10	41,422,175	10	39,133,525

Other Remunerations

- In 2014, the Company contributed a total of Baht 7,475,034 into the Provident Fund for 10 executives as employees of the Company (Baht 7,049,142 for 10 executives in 2013), and provided Company's vehicles for 4 executives.

- Other than the above mentioned remuneration, the Company does not issue shares, warrant, convertible debenture and/or other privilege to directors and executive

INTERNAL CONTROL AND RISK MANAGEMENT

- The Company has placed emphasis on the effective internal controlling system on both the management level and operation level; therefore, duties and authorities of the staff and executives are clearly specified in writing. There exists supervision and control on the use of Company's assets for the benefit of the Company. Also, duties of the personnel are separated to create appropriate balance and check among each other. The Company has established the Internal Audit Office to conduct internal audit to ensure that main operation and important financial activities of the Company are effectively performed according to the established guidelines, as well as to review of compliances with relevant laws and regulations.

- The Board of Directors has placed emphasis on the risk management having appointed the Risk Management Committee comprising of executives from every department joining together as members to carry out the risk assessment of the business covering the whole organization as specified within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). Compliance with relevant laws and regulations are consistently monitored and supervised.

- The Company has established corporate governance policy for every unit to carry out their work effectively and efficiently in accordance with the objectives and goals of the Company; to maintain and utilize the assets economically and appropriately; to assess and manage risks effectively and cautiously and continuously. Moreover, each unit must establish work system that is standard and has adequate internal control in order to control risks to within an appropriate level so not to have any significant impact to the Company's operation. Communication and development of staff within the unit have been established so to foster shared feeling to carry out work in accordance with appropriate practices, including compliance with the relevant laws and regulations and readily available for evaluation and review. These guidelines have been established as follows.

(1) To establish adequate control environment by assigning duty and responsibility for the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation of the Company, having internal control system that is secure, adequate and can be reviewed and every unit must prepare its own standard work manual.

(2) To establish adequate risk assessment and management process by having each unit perform its own risk assessment on their work and find ways to mitigate the risks or reduce opportunity for the occurrence of such risks. The Company expects that every staff at every level take part in the assessment and control management of the risk in order to prevent from damage that may occur.

(3) To establish adequate control activities in every duty and level according to acceptable level of risk by requiring each unit to have a standard work system with adequate internal control to control the risk to within the acceptable level that does not significantly affect the operation of the Company.

(4) To establish adequate information and communication system that are reliable and in time by improving and developing the information technology system to be effective and secure with adequate safety and protection of the information. This is to increase efficiency and effectiveness in the operation and management, to become dependable and that such information be used to communicate throughout the organization internally and to the outside. Moreover, there should be communication and development of staff within the unit to foster shared feeling to carry out work in accordance with appropriate practices, including compliance with the relevant laws and regulations.

(5) To establish adequate monitoring and evaluation system by assigning duty and responsibility to the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation. The Internal Audit Office shall support the executive of every unit in establishing the internal control system and conduct a review from time to time as deemed appropriate in order to ensure that every unit possesses efficient and effective internal control system and carry out matters according to the established procedure at all times, which will bring about overall improvement of various work systems of the organization to be more efficient and more effective overall.

- The Board of Directors reviews the Company's internal control system and performs assessment on the risk management at least once every year. The Board of Directors' Meeting No. 1/2015 dated March 2, 2015, having Audit Committee Members in attendance, has reviewed all 5 compositions of the internal control system of the Company and its subsidiaries, including (1) Control Environment, (2) Risk Management, (3) Control Activities, (4) Information and Communication, and (5) Monitoring and Evaluation. The Board of Directors concluded that in 2014, the internal control system of the Company and its subsidiaries were sufficient and appropriate, by which the Audit Committee also shares the same opinion.

- The Audit Committee has approved to appoint Mrs. Wanna Chomkhokkruad as the Internal Audit Office Manager having seen that she possesses the education, work experience and training appropriate and sufficient for such work and duties with effectiveness, having background as follows:

First and Last Name: Mrs. Wanna Chomkhokkruad

Current Position: Internal Audit Office Manager

Age: 49 years

Nationality: Thai



Education:

- B.A. (Accounting), Ramkhamhaeng University
- Certificates of the Thai Institute of Directors Association

  Company Secretary Program (CSP) Class 22/2007
  Effective Minute Taking (EMT) Class 9/2008
  How to Develop a Risk management Plan (HRP) Class 6/2514
  Tackling Corruption Through Public – Private Collaboration, 2014
- Certificates of the Thai Institute of Internal Auditors of Thailand

  Emerging Identity of Internal Audit, 2014

Shareholding in Company and Affiliates as at December 31, 2014

- Holding 46,560 shares in Lanna Resources Plc. or 0.009 percent of all shares with voting right
- Holding 18,349 shares in Thai Agro Energy Plc.(subsidiary) or 0.002 percent of all shares with voting right

Family Relationship with Executives: None

Past 5 – Year Experiences:

2008-Present:	Internal Audit Office Manager
2003-Present:	Risk Management Committee and Secretary of Risk Management Committee
2001-Present:	Secretary of Audit Committee

- The Audit Committee has duty to consider the independence of the audit office as well as to approve for the appointment, removal and transfer of the person in the position of audit office manager responsible for internal audit of the Company.

- Guidelines for the review and evaluation shall be emphasized on creativity and work system improvement. The report that the Internal Audit Office has prepared and agreed by the unit employing such work system shall be considered and approved by the Audit Committee before implementation. Should there be any work system in any unit that needs improvement for better efficiency or more security, it is regarded as the duty of every related unit that to improve or revise the system immediately. The Company regards that such duty is part of the work of such unit which must be accountable and is also part of the annual assessment of the relevant staffs.

CORPORATE GOVERNANCE

Corporate Governance Policy and Code of Conduct

- The Board of Directors has approved of the Corporate Governance Policy in writing by notifying everyone in the organization for practices and periodically monitors and reviews its compliance with the said policy.

- The Board of Directors has approved of the Code of Conduct in writing by notifying everyone in the organization for practices and periodically monitors and performs assessment on the effectiveness of the Code of Conduct.

Sub-Committees

- The Board of Directors appoints special committees to alleviate burden of the Board of Directors in order to closely and timely assist in the corporate governance of the Company. Currently, there are 3 committees; namely, the Board of Executive Directors, Audit Committee and Risk Management Committee. Details are shown under the topic "Management Structure" in the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

- The Company has no Nomination Committee and Remuneration Committee due to non-complicated structure of the Company having only a few executives. The Company has established appropriate process for consideration of the remuneration, which is also based on the size of the business and operating results of the Company.

- The Company has policy to occasionally appoint special committee as necessary for future business operation in order to consider important issues that the Board of Directors deems important and may have significant impact on the business operation.

Nomination and Appointment of Directors and Top Executives

- The selection of individual for the appointment of Company's Director shall be undertaken through the Board of Directors by considering work experience, education, capability and qualifications as stipulated by the law since the Company has not established the Nomination Committee to select an individual for such position. The Board of Directors shall then propose this matter to the shareholders' meeting to consider the appointment of Director in accordance with the rule and procedure as established with the Company's regulation.

- Composition and nomination, appointment, removal or termination of Company's directorship position have been specified within the Company's regulation which can be summarized as follows:

(1) The Board of Directors consists of no less than 5 directors and not less than half of all the directors must residence in the Kingdom and must have qualifications as stipulated by the law.

(2) The shareholders' meeting shall vote for the appointment of directors according to the following rule and procedure.

(A) For each share that shareholder holds will be counted as one vote.

(B) Each shareholder must use all the votes to appoint one person or several persons for the director position but cannot divide the votes into different number of votes for a particular person in case of appointments of several persons for the director positions.

(C) The person receiving the highest number of votes in descending order will be appointed as the directors for the total number of director positions available at the time. In the case of a tie (equal number of votes) for successive positions available, the chairman of the meeting shall have the casting vote.

(3) At every Annual General Meeting of Shareholder, one-third of the directors shall be retired by rotation and if the number of directors is not divisible directly into three parts, the number of directors to be retired shall be the nearest to one-third. The number of directors to be retired in the first year and second year after the Company's registration shall be done by lottery selection. For subsequent years, the directors in position the longest time shall be retired first. The director retired by rotation may be re-appointed.

(4) Any director wishing to resign from the office shall submit resignation letter to the Company. The resignation will be effective from the date the letter is delivered to the Company.

(5) In the event of vacancy of director position for reason other than by rotation, the Board of Directors may select a person, who is qualified and not of forbidden nature under the laws of the Public Listed Companies and/or laws of the Securities and Exchange Commission, to replace such director at the following

meeting of the Board of Directors unless the remaining office term is less than two months. The replacement director shall retain the directorship position only for remaining term of office of his predecessor. Accordingly, the resolution of the Board of Directors must be passed by a vote not less than three-fourth of the number of the remaining directors.

(6) The shareholders' meeting may pass a resolution retiring any director from the office before the time of retirement by rotation by a vote not less than three-fourth of the number of the shareholders attending the meeting and entitled to vote and having shares in aggregate not less than one-half of the number of shares held by the shareholders attending the meeting and entitled to vote.

- The Board of Directors together shall consider initially the qualification of the person who will take the position of the Independent Director by considering the qualification and forbidding nature of the director according to the Public Limited Companies Act, Securities and Exchange Law, Notifications of the Capital Market Advisory Board including regulations and/or relevant rules. Furthermore, the Board of Directors shall consider the selection of independent director from expertise, work experience and appropriateness in several aspects. The appointment of the Company's director shall then be proposed to the shareholders' meeting for consideration. Accordingly, the Company has policy on the appointment of the Independent Directors for at least one-third of the total number of directors and must not be less than 3 persons.

- The independent director who has been nominated and appointed must have qualification and hold shares according to the regulation of the Office of the Securities and Exchange Commission as follows:

(1) Holding shares not more than one percent of all shares with voting rights of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of the particular Audit Committee Member.

(2) Not being or used to be the director who takes part in the management of the Company, employee, staff member, advisor who receives a regular salary, or a controlling person of the Company, holding company, subsidiary company, associated company, subsidiary company of the same level, major shareholder, or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment. Nevertheless, such prohibited characteristic does not include the case where the independent director who used to be a civil servant or an advisor to the Government which is the major shareholder or controlling person of the Company.

(3) Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.

(4) Not having or used to have business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, in a way which may prevent independent judgment, as well as not being or used to be the significant shareholder or controlling person of the entity having business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment.

(5) Not being or used to be the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, and not being significant shareholder, controlling person or managing partner of the audit firm with staff being the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company in the firm, except having been out of the above position for at least two years prior to the appointment.

(6) Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht two million per year from the Company, holding company, subsidiary company, associated company, major shareholder, or controlling person of the Company, and not being significant shareholder, controlling person or partner of the such professional service provider, except having been out of the above position for at least two years prior to the appointment.

(7) Not being the director who has been appointed as the representative of the Company, major shareholder or shareholder whom is related to the major shareholder of the company.

(8) Not being an entrepreneur in any business similar to or material competing with the Company or its subsidiary company or not being the material partner in partnership, executive director, employee, staff, advisor who receives salary or holds more than one percent of total number of shares with voting right of the company similar to or material competing with the Company or its subsidiary company.

(9) Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the Company.

The Independent Director having qualification according to item (1) to (9) may be assigned by the Board of Directors to make decision in the business operation of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, major shareholder or controlling person of the Company, based on a collective decision.

In the event that the person appointed by the Company as the independent director is the person whom has or used to have business relationship or is a provider of professional service with service fee exceeding the amount under the first paragraph of (4) or (6), the Board of Directors may consider for the allowance if it is deemed that the appointment of such person has no impact on the performance of duties and independence of opinions, and the Company has disclosed the following information within the invitation to the shareholders' meeting in the agenda concerning the consideration of the appointment of independent director.

(A) Characteristics of the business relationship or professional service, which have made such person to have the qualification not conforming to the established criteria.

(B) Reason and necessity for maintaining or appointing such person as the independent director.

(C) Opinions of the board of directors for proposing for the appointment of such person as the independent director.

- The Board of Directors of the Company or the shareholders' meeting appoints the Audit Committee consisting of at least 3 members by appointing from the Independent Directors of the Company having qualification according to the Securities and Exchange Law, including regulations and/or rules of the Stock Exchange of Thailand. Accordingly, each Audit Committee member shall have the office term of 3 years each. In addition, the Independent Directors who are also the members of the Audit Committee must have additional qualifications as follows:

(1) Must not be the Director assigned by the Board to make business operation decision of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, or corporate with possible conflict, except that the decision is made based on a collective decision.

(2) Must not be the Director of the holding company, subsidiary company or subsidiary of the same level for only the listed company.

(3) Possesses sufficient knowledge and expertise to perform duties as the Audit Committee Member. Nonetheless, at least one member of the Audit Committee must have sufficient knowledge and expertise to perform and review a reliability of the financial statements.

- The Board of Directors of the Company has duty to screen, select and appoint the Executive Board of Directors consisting of at least 5 members according to the rule and procedure as specified with the Company's regulation by selecting the individual with knowledge, capability as well as having suitable qualification and experience that is beneficial to the Company's business operation and management.

- The Board of Directors of the Company has duty to screen, select and appoint the Chairman of the Executive Board of Directors or Executive Chairman according to the rules and procedure as established by the Board of Directors by selecting the individual with knowledge, capability as well as having suitable qualification and experience that is beneficial to the Company's business operation and management.

- The Executive Board of Directors has duty to screen, select and appoint the top executives from the director/chief officer level and above according to the established rule and procedure by selecting the individual with knowledge, capability as well as having suitable qualification and experience that is beneficial to the Company and appropriate with the position and responsibility on a case-by-case basis.

Control over Operation of Subsidiary Company and Associated Company

- The Company has policy for investment in subsidiary company or associated company with the same or similar business nature or business that supports Company's business and increases operating results

or profit, or business that has synergy with the Company, which can support the core business of the Company to be more complete.

- The investment in the subsidiary company and associated company shall be under the control and inspection by the Board of Directors. For the control of the subsidiary company and associated company, the Company shall consider sending the director of the Company or select executive with suitable qualifications and experience for the business to be a representative in management to establish important policy and control over the management of such subsidiary company and associated company such as capital increase or reduction, termination of the company, etc. as well as control over complete and accurate disclosure of information concerning financial status and operating results, related transactions which are connected transactions, acquisition and disposition of assets or any other transactions in accordance with relevant laws and regulations.

Supervision over the Use of Company's Inside Information

- The Company has established measures and regulation concerning the protection against the use of Company's inside information, which has not been disclosed to the public, for the benefit of oneself or other persons as follows:

(1) The Company has notified the Directors and executives for acknowledgment of their duty to report the securities holding in the Company of oneself, spouse, minor child and nominee, including the report of changes in securities holding to the Securities and Exchange Commission (SEC) and acknowledgment of penalties according to the law on Securities and Exchange.

The word "Executive" is defined as manager or executive of the first four levels of high ranking executive position downward from the manager, any person who is in the position equivalent to the forth level of the said high ranking executive position, as well as the executive position in the line of accounting and finance or equivalent level.

(2) The director, executive, manager and employee who are aware of inside information of the Company are prohibited to disclose any inside information to any outside person or any person who has no relevant duties and are prohibited to trade the Company's securities during the 1-month period before the financial statements are disclosed to the public.

(3) The director, executive, manager and employee are prohibited to use the Company's inside information that have not been disclosed to the public which are significant to the change in the price of the Company's securities to seek benefit for oneself and/or for the trading of the Company's securities. Should anyone violate the above stipulation, the Company will proceed according to the relevant laws and severely punish such person based on facts and findings of the incident on a case-by-case basis.

(4) In case of director, executive, manager and employee being convicted in a criminal case according to the Securities and Exchange Law, the Company will severely punish such person according to one or several of the followings.

(A) Reduce the salary or compensation

(B) Terminate, fire or remove from the position of director, executive, manager or employee, alleging that the person has intentionally caused damage to the Company. Should the convicted person hold the directorship position in the Company, the matter will be proposed to the shareholders' meeting for its consideration of the punishment.

(C) Notify the incident to the Stock Exchange of Thailand and/or the SEC.

(D) Report the case for a legal prosecution.

(E) Carry out other matters according to the resolutions by the Board of Directors or shareholder's meeting of the Company.

(5) The Company expects that every director, executive, manager and employee at every level of the Company report in good faith to the superior of any misconduct or doubtful conduct in violation of the principles concerning the use of Company's inside information for the benefit of oneself. The superior is deemed to have duty in monitoring and supervising the subordinates on the use of Company's inside information for compliance with the established regulation.

Audit Fees

(A) The Company and subsidiaries have paid the audit fees for year 2014 as follows:		
Company Paying Audit Fee	**Auditor**	**Audit Fee**
(1) Lanna Resources Public Co., Ltd.	Mrs. Saifon Inkaew EY Office Limited	Baht 1,050,000.00
(2) Thai Agro Energy Public Co., Ltd. (Subsidiary)	Mrs. Saifon Inkaew EY Office Limited	Baht 925,000.00
(3) PT. Lanna Harita Indonesia (Subsidiary)	Mr. Peter Surja Purwantono, Suherman & Surja (A member firm of the Ernst & Young Global Limited)	Baht 1,255,890.30 (Equivalent to USD 38,100)
(4) PT. Singlurus Pratama (Subsidiary)	Mr. Peter Surja Purwantono, Suherman & Surja (A member firm of the Ernst & Young Global Limited)	Baht 979,001.10 (Equivalent to USD 29,700)
(5) PT. Lanna Mining Services (Subsidiary)	Mr. Peter Surja Purwantono, Suherman & Surja (A member firm of the Ernst & Young Global Limited)	Baht 659,260.00 (Equivalent to USD 20,000)
Remarks: (1) Above audit fees do not include reimbursements from actual incurred expenses such as transportation charges, photocopies and facsimile charges. (2) Exchange rate: USD 1.00 = Baht 32.963		
(B) The Company and its subsidiary companies did not hire nor pay non-audited fee to auditors in 2014		

- The Audit Committee has duty to select, propose the Company's auditor, and determine the audit fee based on reliability, resource sufficiency, and workload of the audit office. The experience of the assigned auditor is also considered.

Right of Shareholders and Equitable Treatment of Shareholders

- The Board of Directors recognizes the importance of the right of shareholders as owners of the Company by adhering to the criteria established by the laws and encourages the shareholders to exercise basic rights of the laws. In 2014, the Company convened the Annual General Meeting of Shareholders on April 21, 2014 between 15.00 hrs. to 16.30 hrs. at the Grand Hall Room, 2nd Floor, Plaza Athenee Bangkok, a Royal Meridien Hotel, 61 Wireless Road, Lumpini, Pathumwan, Bangkok, which was at a convenient location for access and transportation. The meeting was attended by 13 Directors out of 14 Directors, and was conducted according to guidelines within the AGM Checklist, prepared by the Securities and Exchange Commission (SEC) in corporation with the Thai Investors Association and Listed Companies Association. For four consecutive years, the Company has received 100 points out of 100 points total for the assessment result on the Annual General Meeting of Shareholders Year 2011, 2012, 2013, and 2014.

- The Company assigns Thailand Securities Depository Co., Ltd.., Company's Share Registrar, to forward the invitation to the shareholders' meeting including relevant documents and information on each of the meeting agendas to the shareholders in advance by 21 days prior to the meeting date which exceeds the time period specified by the law, in order to provide opportunity for the shareholders to study the information in details. The same information has also been disseminated on the Company's website, both in Thai an English, 30 days prior to the meeting date, so that the shareholders may have access to the information quickly and conveniently.

- The Company does not infringe upon the right of shareholders in the studies of Company's information and shareholders' meeting attendance. For instance, the Company does not suddenly hand out additional important documents in the shareholder's meeting; does not add or revise important information on the meeting agenda without informing the shareholders in advance; does not limit the right to attend the meeting by shareholders who are late, etc.

- The Company provides opportunity for an individual shareholder or combined number of shareholders with shareholding of no less than 0.50 percent of the total number of voting rights of the Company to have the right to propose matters for inclusion as the meeting agenda for the shareholders' meeting and to propose a nomination of new director in advance. The Company conducts this matter by receiving the proposal prior to the shareholders' meeting from October 1st through December 31st of every year with the shareholder having to propose such matter in writing and sending it by mail or by facsimile to the Company Secretary or sending it through the website to for initial notification before sending document to the Company Secretary.
    - *By Mail to:*
      Company Secretary of Lanna Resources Public Co., Ltd.
      888/99 9th Floor, Mahathun Plaza Building, Ploenchit Road
      Lumpini, Pathumwan, Bangkok 10330
    - *By E-mail Address: anun@lannar.com*
      Telephone: 02-2538080 Facsimile: 02-2536822

- In summoning of the shareholders' meeting, the Board of Directors shall comply with the criteria established in the Company's Articles of Association and the AGM Checklist of SEC by notifying the rules and practices of attendance, grant of proxies for presence and votes at the meeting, as well as forward all three proxy forms as established by laws to the shareholders in advance including the meeting invitation by providing option for the shareholder to appoint the proxy from at least two Audit Committee Members and encouraging the shareholder to use the proxy form which comments may be specified for the voting.

- The Company has provided adequate information for each meeting agenda within the shareholders' meeting invitation for decision making, including, background and rationale and opinion of the Board of Directors. The shareholders have also been provided with the opportunity to post questions in advance of the meeting date by sending the questions through Company's website or via facsimile.

- At the shareholders' meeting, the Company has engaged Thailand Securities Depository Co., Ltd. to render services supervising vote counting for each meeting agenda. The procedure on voting and vote counting are announced to the shareholders before commencement of the meeting agendas. Voting ballots shall be provided for voting during important agendas and for appointment of directors, which shall be voted individually. Meeting resolutions shall be recorded clearly, including the number of "approval", "disapproval" and "abstain" for every meeting agenda that requires voting. The Company will reveal the voting result of each agenda on the next working day through the Stock Exchange of Thailand.

- The shareholder has the right to vote at the shareholders' meeting with one share being counted as one vote. In addition, the shareholder also has other basic rights such as right to receive the dividend payment, right to consider the remuneration of directors every year, etc., of which the Company has strictly complied with the established regulation and law already.

- At the shareholders' meeting, the Board of Directors and Executives, comprising of the Chairman, Chief Executive Officer, Chairman of each Committees, etc. shall attend the meeting to clarify and answer questions to the shareholders' meeting with the Chairman of the Meeting provides equal right and full opportunity for the shareholders to audit Company's operation by posting inquiries, making opinions, and/or offering recommendations, in which important inquiries and recommendations shall be recorded in the meeting minutes.

- The Company's Secretary and the assigned working team has prepared the shareholders' meeting minutes to include all important matters and has forwarded the shareholders' meeting minutes to the Stock Exchange of Thailand and disseminated on the Company's website within 14 days after the meeting has been completed. The shareholder has the right to examine the meeting minutes, supporting documents and other important documents at all time.

- Every year, the Company arranges three trips of plant visit for 45-50 shareholders each trip. This allows shareholders to visit the sites and inquire about operating issues.

Roles of Stakeholders

- The Board of Directors has established the fundamental policy on corporate governance for practices toward each group of stakeholders by recognizing the rights of stakeholders above in accordance with the laws or agreements with the Company without doing anything that would violate the human rights, copyright and intellectual property and/or violate the rights of those stakeholders, including anti-corruption and prohibit bribery for business interest by notifying the above policies to everyone in the organization for compliance and also disseminating the information within the Annual Registration Statements (Form 56-1), Annual Report (Form 56-2) and Company's website.

- The Board of Directors has established measures or channels for involvement by the stakeholders by disclosing relevant information for acknowledgement by the stakeholders and providing opportunity for whistleblowing or complaints by the stakeholders via the Audit Committee without passing through the Company's executives, of which can be sent by mail or E-mail directly without having to disclose the name of the whistleblower or person who makes complaints, in order for the Audit Committee to study the information or find facts based on the information from the whistleblower and to directly present the matter to the Board of Directors for consideration of finding protection measures and appropriate compensation to the damaged person according to cause and impact on a case by case basis.

- The Company has established policies to look after the environment and nearby communities that may be directly affected by business operation of the Company in order to gain trust from the relevant persons in the Company's operation, as well as promote and encourage every employee to get involved in overseeing and continuously carry out safety procedures concerning lives, society, communities and environment.

- The Company has established criteria and procedures concerning reports on interest of the directors, executives and related persons, in accordance with the Securities and Exchange Law and other related law.

- The Company has established policies and guidelines regarding good corporate governance in order for clear understandings and practices which everyone in the organization shall adhere to while treats stakeholders' rights as priorities.

Information Disclosure and Transparency

- The Company has disclosed important information including financial information and other information accurately, completely, timely, transparently, and in accordance with the criteria established by SEC and the Stock Exchange of Thailand. During the past year, the Company has not been punished or acted upon concerning incorrect disclosure of information. The Company believes in the importance of information disclosures that affect the decision of investors and stakeholders equally and periodically performs assessment on the information disclosure process.

- The Company has disclosed its shareholding structure by explaining and showing details on major shareholders and shareholding proportion of the minority shareholders completely and clearly and disclosure of information of shareholding by the directors and executives within the Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2).

- The Company has adequately and appropriately disclosed information within the Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2) according to the regulations of SEC and Stock Exchange of Thailand.

- The Board of Directors is accountable for the financial statements and financial information, which is endorsed by the Chairman of the Board and Chief Executive Officer, as appeared in the Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2), prepared in accordance with the generally accepted accounting standards by using accounting policies that are appropriate and corresponding to the business operation, taken on the regular basis with careful consideration. Important information are also adequately disclosed within the Notes to Financial Statements, which are supervised and responsible by the independent auditor and the Audit Committee on the quality of the said financial information.

- The Company has prepared the Management Discussion and Analysis (MD&A) to be disclosed together with the Financial Statements of each quarter and yearend for shareholders' and investors' acknowledgement and understanding of changes in the Company's financial and performance during each quarter and year.

- The Company has disclosed the financial information and other important information in both Thai and English on the Company's website and periodically updated the information so that they are up-to-date.

- The Company has established the Investor Relations Unit to be responsible for communications with the investors, shareholders, as well as analysts and relevant government sectors, of which can be contacted by telephone at 02-253-8080 or at Company's website, www.lannar.com or e-mail address: lanna@lannar.com.

- In 2014, The Company has organized three meetings between the Company and analysts from the Stock Exchange of Thailand and over 12 banking institutes as follows:

First Meeting: On April 8, 2014 presented the yearly operating performance of 2013 and expected projects in 2014.

Second Meeting: On August 26, 2014, presented the first half operating performance of 2014 and its direction of the second half of 2014 including market condition, market price of coal and ethanol as well as progress of ongoing investment projects.

Third Meeting: On November 24, 2014, presented performance of the third quarter and the first 9 month period of 2014, direction of the last quarter of 2014 as well as market condition, market price of coal and ethanol as well as progress of ongoing investment projects.

Responsibilities of the Board of Directors

(1) Structure of the Board of Directors

- During 2014, the Board of Directors consisted of 14 directors, including 5 executive directors and 5 non-executive directors and 4 independent directors and Audit Committee members. The Company has established description of the independent director of the Company equal the minimum qualifications established by the SEC and Stock Exchange of Thailand for the matter of shareholding in the Company; namely the independent director of the Company must not hold more than 1 per cent of all the number of shares with voting right.

- The Nomination process for the Company's directorship positions did not go through the Nomination Committee as it has not yet been established. Nevertheless, the Board of Directors has provided opportunity for the minority shareholders to propose names of qualified persons for the directorship positions according to criteria or guidelines recommended by the Stock Exchange of Thailand, having notified the shareholders via the information dissemination of the Stock Exchange of Thailand and Company's website.

- The Board of Directors consists of persons possessing knowledge, capability, experience and expertise in various professions, which are deemed beneficial to the Company's operation, and with suitable qualifications to become the directors of the listed company according to the Company's regulations and established laws.

- The Chairman is independent having no relationship whatsoever with the Management and is not a chairman or member in any other boards or committees.

- The Chairman of the Board is not same person as the Chief Executive Officer or Managing Director in order to clearly separate the corporate governance policy making roles and the daily management role.

- The Company has published within the Annual Report the information on the representing directors for each group, having directors on the Board, excluding independent director, not yet proportional to the shareholding for each group. Details can be found under the topic "Major Shareholders and Shareholding Proportion" in the Annual Registration Statements (Form 56-1) and the Annual Report 2012 (Form 56-2).

- The number of years for the directorship position for each office term is in accordance with the regulation in the Public Limited Company Act B.E. 2535 but there is no specification on the number of terms that the director can continuously be in the position.

- The number of years in each term for the Audit Committee Member is stated in the Charter of Audit Committee but there is no specification on the number of years that the Audit Committee Member can continuously be in the position.

- In order for the directors to dedicate time and effort for their duties, the Board of Directors has established the number of companies that each director may take up positions as follows:

(A) Executive directors or full time directors may take up directorship position at no more than four listed companies.

(B) Non-executive directors or professional directors may take up directorship position at no more than six listed companies.

(C) The Chairman of the Board may take up the Chairman of the Board position at only one listed company.

- For the proposal of the persons for the directorship positions of the Company, sufficient information on directorship positions in other companies for each person must be provided to the shareholders for consideration before the voting for the appointment.

- Top executives may take up directorship positions in the Company's subsidiaries or affiliated companies with an approval from the Board of Directors.

- The Company has appointed a person, a permanent employee, to be responsible for the work of the Company Secretary and has clearly established scope of authorities and duties of the executives for each level of work organization by separating authorities, duties and responsibilities in each of the level in descending order.

(2) Roles of the Board of Directors

- The Board of Directors has adopted Company's direction, objectives, business plan and budget, including monitoring and supervision on the approval and/or operation of the Board of Executive Directors and the Management in accordance with the established business plan and budget with efficiency and effectiveness.

- The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, Committees, and the Management, as well as having routine communications of such roles and responsibilities to the Board of Directors, Committees, Management and employees of the Company.

- The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters by the Board of Directors.

(3) Transactions with Possible Conflict of Interest

- The Company has established measures and procedure concerning the approval of transaction with conflict of interest; namely, connected transaction or transaction concerning acquisition or disposition of assets of the Company or its subsidiaries in order to comply with the regulation of SEC and SET as well as related laws, as follows.

(1) Directors, executives and employees of the Company are prohibited from conducting business which is similar in nature to or in competition with the business of the Company and shall avoid engaging in the connected transaction which may create conflict of interest with the Company.

(2) The stakeholder or person who may have conflict of interest may not approve the transaction that is connected to oneself.

(3) The establishment of price or compensation must be based on normal business and general commercial terms with consideration on the best interest of the Company.

(4) The Audit Committee has to consider and provide comments on the said transaction. Should the Audit Committee possesses no expertise in any matter, the Company must provide independent expert to advise the Audit Committee for consideration before proposing to the Board of Directors of the Company and/or the shareholders' meeting for consideration and approval.

(5) In such case that the transaction is a commercial agreement that reasonable person ought to do with any contract party in general under the same situation, having commercial bargaining power without influence from the position of director, executive or related person on a case-by-case basis, or a normal business transaction or supporting normal business transaction with general commercial terms, the Company must present such agreement to the Board of Directors of the Company for consideration and approval or approval in principle, before the execution of the agreement, in compliance with the law of the Securities and Exchange.

- The Company has disclosed the information on related transactions or connected transactions within theCompany's Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

(4) Report on Interest

- The Company has established rules, procedures and details on the reporting on interest of the directors, executives and related persons, in accordance with the Securities and Exchange Law as follows:

(A) Objectives

(1) To comply with the Securities and Exchange Law which stipulates that the directors and executives must report to the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries, in order for the Company to have such information to perform according to the regulations concerning with the connected transaction, which may result in a conflict of interest that may lead to the transfer of benefit of the Company and its subsidiaries.

(2) To comply with the Securities and Exchange Law which stipulates that in conducting the business of the company, the directors and an executives must perform their duty with responsibility, due care and loyalty (fiduciary duties), by making decision without interest whether directly or indirectly. Therefore, the aforementioned report on interest is beneficial to the monitoring and supervision of duties conducted by the directors and executives following the above principles.

(3) To comply with the Public Limited Company Law which stipulates that the director must notify the Company without delay for the following events:

(3.1) Having a direct or indirect interest in any contract which is made by the Company during an accounting year, by specifying the nature of the contract, names of the contracting party and interest of the director in the contract (if any);

(3.2) Holding shares or debentures of the Company and affiliated company, by specifying the total number of increasing or decreasing shares during the accounting year (if any).

(B) Procedures for Reporting on Interest

(1) The directors and executives are required to file a report with the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries by notifying the company secretary using the form established by the Company.

(1.1) First time report must be filed within 7 (seven) days after the effective date of the announcement or from the date of appointment as the director or executive for the case of appointment after this announcement has become effective.

(1.2) Reporting of change in information on the conflict of interest after the first time reporting in (1.1) must be filed without delay within 3 (three) working days starting from the date of the change in such information on interest.

(2) The Company Secretary shall forward a copy of the submitted report on interest of the directors and executives under (1) above to the chairman of the board of directors and audit committee chairman for their acknowledgement within 7 (seven) working days after the company has received such report and the company secretary shall keep record and maintain the submitted reports on interest of the directors and executives under (1) to be used by the Company for the above objectives.

(3) The Company shall disclose information on the submitted interest of the directors and executives under (1) above within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2) of the Company. However, only those items that are required by the established laws shall be disclosed.

(5) Report on Fraud or Illegal Conduct

- The Company has established measures and procedure for the Company's executives to promptly report to the Company's Board of Directors and the Audit Committee in the event of frauds or suspecting of a fraudulent or illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, which includes:

(1) Transaction involving conflict of interest

(2) Fraudulent or unusual activities or deficiency in the internal control system

(3) Violation of the laws and regulations regarding the Securities and Exchange, regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand or other laws concerning with Company's business operation.

Accordingly, the Board of Directors shall promptly correct the deficiency or its impact, including seeking protection measures to prevent such incident from happening again.

(6) Board of Directors' Meetings

- Every director can express opinions independently. In the event that the number of votes are equal during voting by the Board of Directors, the Chairman, a non-executive member, has the right to cast the deciding vote.

- The Chairman and the Chief Executive Officer or the Managing Director together shall consider and choose the Board of Directors' meeting agenda and give opportunity for each of the directors to be able to propose matter for the meeting agenda.

- The Company Secretary prepares and forwards the meeting invitation seven to tend days in advance. Included with the meeting invitation are the meeting agenda and documents, so as to provide sufficient time for the Board of Directors to study and review the information for decision making and the Board of Directors may also request for additional information from the Company Secretary, having the Management and top executives attend the meeting to clarify any issues in order for the directors to have full understanding to properly consider and make decision on the matter.

- The minutes of the meetings have been recorded in writing and the approved minutes from the Board of Directors have been kept completely and in order, readily available for review by the Board of Directors and related parties. The meeting minutes cannot be revised without passing through the Board of Directors' Meeting.

- The Board of Directors' meeting is regularly scheduled at least once every two months (one meeting every other month). The meeting schedule, including date, time and venue, is proposed in advance for each year in order for the director to prepare his/her own schedule to attend the meeting. The extraordinary meeting is scheduled as necessary and appropriate with the business. Details of the board meeting attendance for the past year are shown under the topic "Management Structure" of the Annual Report (Form 56-2). The meeting agenda are clearly established in advance, having regular agenda for consideration of the operating results. Each meeting normally takes approximately 1 to 3 hours, depending on the extent of the meeting agenda considered during the meeting.

- Non-executive directors shall occasionally hold meeting among themselves as deemed appropriate and necessary. The Company's Board of Directors has established the policy to hold the Non-Executive Directors' Meeting at least once a year, without the Management attending the meeting. The outcome of the meeting shall be forwarded to the Chief Executive Officer or Managing Director for acknowledgement, so that the opinions, remarks and suggestions may be considered and implemented accordingly.

(7) Assessment of Performance of the Board of Directors and Sub-Committees

- The Board of Directors has established criteria and arranged for the self-assessment on the performance as a whole board and of individual director at least once every year. The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements. The Board of Directors has jointly considered the results of the assessment and established guidelines for improvement of the Board's performance for the following years.

- The Audit Committee has established criteria and arranged for the self-assessment on the performance as a whole board. The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements. The Audit Committee has jointly considered the results of the assessment and established guidelines for improvement of the Audit Committee's performance for the following years.

- The Risk Management Committee has established criteria and arranged for the self-assessment on the performance as a whole board. The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements. The Risk Management Committee has jointly considered the results of the assessment and established guidelines for improvement of the Risk Management Committee's performance for the following years.

(8) Remuneration of Directors and Executives

- The Board of Directors has duty to determine remuneration of directors and executives by establishing criteria that is comparable to the general practice of companies in the same industry or listed companies in the same sector. The remunerations are thoroughly considered with various factors including operating business result, profit, etc. and is then presented for approval from the shareholders case by case basis.

- Directors who have been appointed and given additional duty will receive additional remuneration correspondingly.

- The Company had paid the remunerations to the directors and executives, having disclosed the information in the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

- The Company has established the Employee Joint Investment Program (EJIP) for every executives and employees of the Company, encouraging them to voluntarily join the Program so that they could invest and save by buying ordinary shares in the Company through securities trading system of the Stock Exchange of Thailand, which must be carried out according to relevant laws and regulations. This Program has a 5-year term period starting from January 1, 2012 until December 31, 2016, which should promote the executives and employees to become joint owners of the business and have the same view and direction as the Company's shareholders, creating incentives for the executives and employees to work efficiently and effectively, pushing forward for sustainable growth and development of the Company with future business plan and targets successfully achieved as anticipated.

- Since the Company has not established the Remuneration Committee, the Board therefore has assigned the Chairman of the Board and Audit Committee Chairman to establish criteria and jointly assess the work performance of the Chief Executive Officer or Managing Director for each year and notify the assessment results to the Chief Executive Officer or Managing Director for acknowledgement.

(9) Development of Directors and Executives

- The Committee has conducted an orientation or a briefing for the new directors and executives for understanding of the business and duties as the directors and executives as well as to develop knowledge and new aspects in terms of corporate governance, industry outlook, and innovations in order to effectively perform their duty at the earliest. The Company Secretary arranges matters as follows:

(a) Must-know matters such as structure of business, structure of committee, structure of the company, scope of authority and responsibility as well as regulation related to business operation, etc.

(b) General business knowledge i.e. operating guidelines and operation plant visits.

(c) Arrange a meeting with Chairman of the Board, Chief Executive Officer of Managing Director for in-depth discussion regarding the business nature of the Company.

- The Company encourages and provides knowledge and education for the executives and relevant people, such as the Company Secretary, Internal Audit personnel, etc. by regularly enrolling them in several training programs related to the operation in order to constantly increase the knowledge and new techniques.

- The Company has established policy to provide knowledge to the directors continuously by enrolling them in the courses offered by the Thai Institute of Directors (IOD) and other courses for the directors to understand the role of director and also provide knowledge about business nature of the Company.

- The Company encourages continuous learning for executives and employees e.g. the Company's Secretary, Auditor, Accountants, etc. Employees shall enroll in courses or training programs that are related to their field of work to always learn new technique and skill sets.

(10) Succession Plan

- The Board of Directors has managed to ensure that the Company has the system for nomination and selection of personnel to assume the duties and responsibilities in every level of important executive positions suitable for the business of the Company.

- In case that Chief Executive Officer or Managing Director cannot perform their duties, the Company has senior executives below from the Chief Executive Officer or Managing Director who can take up the task.

- The Company has developed a strategic plan in selecting successor as follows:

(a) Analyzing situation of the Company: considering business expansion in 3-5 years, the Company has to estimate appropriate headcount and qualifications of employees.

(b) Investigating positions with risk: Human Resources and Administrative Department will review each position's years of service, numbers of employees expect to join early retirement program, and numbers of employees that may leave in order to determine the competency of the workforce to carry out the Company's strategic plans. Otherwise, how long it would take to recruit new employees for the Company's expansion.

(c) Planning employee recruitment and development: for the recruiting position, specify desired requirement of knowledge, personality, and attitude.

(d) Selecting and reviewing performance and potential: to review employee performance and potential for promotion, 360-degree feedback method is used in order to minimize biased opinions and error in evaluation.

(e) Identifying the successor: Human Resources and Administrative Department must notify the qualified candidate in advance of trainings in preparation for new duty which normally takes a year before the opening of position. The employees must realize the importance of their positions to the Company hence the importance of a prompt replacement in case of one is promoted.

(f) Timely reviewing and developing: even after passing the evaluation, it is not certain that the successor can perform according to expectation therefor a performance evaluation from time to time, to review the learning curve and self-improvement, is crucial. If the performance does not meet the expectation, a more suitable candidate will replace in timely manner. A strategic plan for finding a succession for important positions allows the Company to potentially and effectively sustain a continuous long termed growth.

Corporate Governance Assessment of Year 2014

The Thai Institute of Directors Association (IOD) has prepared the Corporate Governance Report of Thai Listed Companies Year 2014, of which Lanna Resources Public Co., Ltd. was placed with excellent assessment () with the average score of 80 percent.

FUNDAMENTAL POLICY ON CORPORATE GOVERNANCE

• Lanna Resources Public Company Limited is fully aware of the importance of good corporate governance and adheres to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment and gaining faith from all the stakeholders. The Company focuses on building values to the business and persons with associated interest in long term for sustainable growth and development of the Company in the future.

Accordingly, the Board of Directors has established its policy or basic principles of the corporate governance for use as guidelines for the business operation. The Company shall adhere to the following basic principles.

(1) Establish the management structure of the Company so that there are clear scope of authorities, duties and responsibilities for the Board, Committees and the Management for confidence and effective work performance.

(2) Operate in such manner to assure that various courses of action of the Company are effectively and efficiently performed under effective internal control system with appropriate balance of authorities as well as having transparent operation which can be audited and effective information disclosure procedures.

(3) Operate in such manner to assure that the financial reports reflect actual operating results and status, including having assessment and establish appropriate level of risk protection and mitigation measures.

(4) Proceed with the matters concerning conflict of interest cautiously and reasonably, taking the interest of the Company into consideration.

(5) Oppose to any forms of corruption and instill moral principle and conscience among the executives and employees for good behaviors, honesty and discipline, and also be conscious of duties and responsibilities of own individual and to the working team, ready for better things and always be responsive to the changes.

(6) Aim to attain operational excellence by adhering to creating customers satisfaction by listening to comments, as well as performing self-assessment and review in order to continuously develop and create better things.

(7) Recognize and respect the ownership right of the shareholders, including the right stakeholders and treat them with justice and fairness, without being partial and provide opportunity for the stakeholders to express opinions and also provide channels for whistleblowing and filing complaints concerning any violation of law or deficiencies, as well as establishing measures for compensation in the case of stakeholders being damaged from such violation of the law.

(8) Conduct its business by considering its responsibility to the shareholders, stakeholders and overall community and society including conservation of environment by taking part in the creation and/or support of developments which are sustainable and beneficial to the overall society, at the level of the Company's status.

(9) Conduct its business with protection measures against anyone for using inside information of the Company dishonestly for their own benefit.

(10) Establish measures and procedures in reporting of fraudulent or suspecting a fraudulent and illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, of which the incident must be reported immediately in order to correct the deficiencies or impacts without delay, including seeking protection measures to prevent such incident from happening again.

• In order to achieve the objectives of good corporate governance, demonstrating that the Company has employed the management system that is effective, transparent and can be reviewed, to help foster confidence and trust for the stakeholders, the Board of Directors has established the regulations concerning with the principles of good corporate governance as follows.

REGULATION OF THE BOARD OF DIRECTORS

In order to demonstrate Company's intention and professionalism in the business management with transparency, morality, and accountability to all stakeholders, regulation for good practices of the Board of Directors has been established as the code of conduct as follows.

(1) Perform duties in accordance with the relevant laws and regulations, Company's regulation and resolutions of the Board of Directors' and shareholders' meetings.

(2) Strictly manage the business with honesty and unbiased position as well as be independent in the decision making and in other conducts.

(3) Authorize the executives for full control of management and daily operation without imposing inappropriate or unreasonable guidance.

(4) Have no direct or indirect interest in the business related with the Company and its affiliated companies or in the business that is in competition with the Company or its affiliated companies.

(5) Avoid having conflict of interest of oneself with the interest of the Company to achieve full efficiency and effectiveness in the business operation.

(6) Manage the business prudently without creating any obligations or commitments which might later be in conflict with the duties.

(7) Do not directly or indirectly seek unlawful benefit from work.

(8) Perform duties to the fullest capacity for the highest benefit of the organization.

(9) Do not execute anything that will destroy Company's interest or subserve interest to other individuals or juristic persons.

(10) Focus on the prevention and elimination of wrongful activities and consider that these matters must be dealt with promptly and decisively in order to create good values and image of the organization.

REGULATION OF THE EXECUTIVES AND STAFF

The Company is the producer and distribution of coal and other types of fuel, which can reasonably add values to the stakeholders. The Company is also aware of the overall balance of environment and interest of the society. Thus, in order for the Company to achieve such qualities with strength and sustainability in long term, the regulation for good practices of the executives and staff has been established as the code of conduct as follows.

(1) Perform duties with accountability, honesty, determination, dedication and in compliance with the law, regulation, policy and corporate culture with consideration on the best interest of the Company.

(2) Strictly maintain confidentiality of the customers, trading partners and the Company, overseeing and guardedly ensuring that no confidential documents or information leak or fall into the hands of unrelated individuals.

(3) Respect the individual right of the staff, avoid taking information or story of the staff, including work-related and personal matters for disclosure or comments in such manner that would cause damage to the staff or Company's image overall.

(4) Do not abuse or do anything that would lead to disharmony or damage within the Company or individuals relating to the Company.

(5) Maintain and jointly create harmony and unity among all staffs, be helpful and supportive of one another for the overall and utmost benefit to the Company.

(6) Conduct oneself toward colleagues with respect, generosity, good human relations, not concealing necessary information for the work from colleagues and adjust oneself to work well with the others, as well as be respectful to others by not taking credit for the work of the others.

(7) Be determined on becoming a good person and intellect by continuously developing oneself in the direction that is beneficial to oneself and the Company.

(8) Study and seek for knowledge and experience to reinforce the knowledge and skills for the work and constantly update oneself with modern technology.

(9) Adhere to virtue, morality and refrain from all vices by not conducting oneself in such manner that would ruin the reputation of oneself and the Company.

(10) Inform superiors in order of ranking or the Audit Committee, if witness any activities that might indicate any fraud or wrongdoing within the organization.

(11) Perform any tasks that protect the environment and work conditions as well as help the Company to develop and achieve its excellence.

(12) Avoid giving or receiving goods, reception or any other benefits from trading partners or individuals related to the Company's business unless it is in accordance with the regulation and mandate of the Company.

REGULATION CONCERNING HUMAN RESOURCE MANAGEMENT

The Company's human resource management is aimed to nominate, select, develop, promote and maintain the staffs that possess knowledge, capability and quality, as they are considered as the most important asset of the Company. Moreover, the Company promotes good appearance within the unit, in order to achieve its targets effectively and efficiently in long term. Accordingly, regulation concerning the human resource management has been established as follows.

(1) Every staff shall be treated fairly and worthy of one's dignity being part of the organization.

(2) The selection of individual for employment in any position shall be conducted with fairness by considering the qualifications, education, experience, health and other necessary specifications for such position.

(3) The Company shall consider fair compensation for the staff which is suitable for the condition and job characteristics and results of the work performance according to the knowledge and capability of each individual.

(4) The Company shall conduct assessment on the work performance for each staff every year having the superior in the chain of command as the assessor in accordance with the rule and practice as established by the Company.

(5) The Company shall oversee the welfare of the staff and maintain the workplace in safe and good sanitary conditions.

(6) The Company provides opportunity and encourages the staffs to express their own opinion with the staffs taking part in the improvement of efficiency in their work and the Company.

(7) The Company has policy to support training courses and seminars which is deemed important to the development and improvement of the staff for the knowledge, capability and quality.

The Company has established this policy in order for the staff to follow and practice to achieve order, unity, relations and good understanding among one another, as well as to promote safety and development of the staff. The Company believes that the superior in each chain of command is very important part, who shall be responsible for the business and personnel management, as well as promoting good relationship among the staffs of the Company. Accordingly, every staff also has a role in maintaining such good relationship.

REGULATION CONCERNING ACCOUNTING AND FINANCIAL TRANSACTIONS

The Company has established regulation concerning with the accounting and financial transactions by specifying that the transactions be recorded accurately and completely which can be reviewed, according to the regulation of the Company and related laws. Moreover, every staff must adhere to the principles of honesty and ethics in their work and duties as follows.

(1) Accuracy of the Records

(A) All business transactions of the Company must be recorded accurately and completely which can be reviewed without any limitation or exception.

(B) Recording of the accounting transaction and business record must be based on facts without distortion or making any false transaction record regardless of any objectives.

(C) The staff at every level must carry out business tasks in conformation and in accordance with the rules and regulations of the Company, including accurate and complete supporting evidence and documents of the business transaction records. Accordingly, the information must be adequately and promptly provided so that the responsible staff in charge of the record taking and preparation of all types of accounting and financial transactions of the Company can record such transactions with accurate and complete details.

(2) Accounting and Financial Reports

(A) Every staff must not distort any information or make false transaction record regardless of whether they are accounting and financial information or any other business information of the Company.

(B) Every staff must realize that the accuracy and completeness of the accounting and financial transaction are joint accountability of the directors, executives and staffs.

(C) Every staff has duty and responsibility to prepare and/or provide detailed information supporting the accounting and financial transaction accurately and completely in accordance with the facts.

(3) Legal Compliance

(A) Every staff at every level must comply with the rules and regulations in accordance with the relevant laws in the preparation and record of the accounting and financial transactions of the Company with accuracy and completeness.

(B) Every staff at every level must adhere to the principles of honesty without prejudice and with trustworthiness in recording and filing of the information, as well as not involving in any illegal and unethical activities.

REGULATION CONCERNING THE USE OF INFORMATION TECHNOLOGY AND COMMUNICATION

Information technology and communication system is regarded as an important factor in promoting business operation and increase efficiency and effectiveness of the work. Accordingly, the Company has established a joint responsibility for every staff that must use the information technology and communication system in compliance with the laws, regulations, orders and standard as established by the Company, which are as follows.

(1) The Company has established safety management of the information system by having issued Company's regulation and order for the Company's staff to comply with the law regarding the use of such computer.

(2) Every staff of the Company has duty and must adhere to the following practices.

(A) Staff must comply with the copyright law, law on the use of computer, regulations and orders of the Company concerning with the use of the information system.

(B) Staff must not violate software copyright or intellectual property of the others.

(C) Staff must not take software program belonging to the Company for own personal use or give it to other individual whom is not a Company's staff for commercial use, copy, disseminate, or make revision of any kind without permission.

(D) Staff must not use the Company's email system on the account of oneself or the others to send or forward information or messages which are deemed harmful to the security of the Country, religion, and royal institution, personal messages, messages with falsehood content, uncreative, chain letters, threatening, computer virus content, to the outside or within the Company, and no falsification of any statement in the email messages of the Company without any exception.

(E) Staff must not use the Company's email system to disseminate news or information of the Company to the outsiders except for those authorized and having duty concerning with the public relations.

(F) Staff must not download any types of file without permission and must not use internal network for any entertainment so not to deteriorate the efficiency of others' email receiving and sending capacity.

(G) Staff must not use the computer network with intention to perform any illegal activities, go against peace, moral standard, and commerce, disclose confidential information or express personal comments.

(H) The use of computer or personal communication device which requires connection with the network of the Company must be approved by the Chief Executive Officer first.

(I) The use of computer in the Company or taking the notebook computer for use outside the Company is required that a password be installed and entered every time of use for security of the work. The password must be kept confidential and should be changed from time to time or at least every three months.

(J) Staff must not install a software program that can check or capture information from the network unless having been authorized from the Chief Executive Officer on a special case in order to comply with the relevant laws or regulations.

(K) Staff must maintain the computer and devices under responsibility in good care and use them properly.

(3) In order to safeguard the information system of the Company, the Company shall inspect, search, monitor, investigate and control the use of information system of the staff if it has been found that the staff has used the system inappropriately or might cause damage to the Company.

(4) If the Company finds that a staff has violated or has not complied with the regulations and orders of the Company, such staff may be subject to disciplinary action and/or punishment by law, depending on the severity of the case.

REGULATION CONCERNING THE PROCUREMENT

The Company has established a procurement unit to carry out any procurement matters in order to fulfill the purpose of every unit and in accordance with the established standard of quality. The related procedure and regulations are as follows.

(1) Every procurement transaction must emphasize on the benefit and quality for the Company by receiving package and product correctly as ordered on the quality, price, quantity, service period and promptness. The policy on quality, safety, health and environment of the Company must also be taken into consideration.

(2) Staff who is in charge of the procurement must plan ahead well to avoid unreasonable rush of procurement.

(3) The Company shall not take advantage of the trading partners by considering the benefit and damage that may occur in terms of reputation, image and perception of the Company with the outsiders.

(4) Staff who is in charge of the procurement must provide information that are correct, clear and complete to the trading partner, using disclosure method and providing equitable opportunity to the trading partners.

(5) Staff who is in charge should listen to comments and any suggestions that the trading partners complain or comment in order to improve and resolve problems that have occurred for better efficiency and effectiveness.

(6) Staff who is in charge must maintain the information received from each proposal or bidder as confidential and must not disclose the information to other parties.

(7) Invitation for the bidding process must be conducted in a competitive manner with fairness and impartiality to every trading partner.

(8) Negotiation should be based on business relations to both parties which are open and fair, having evidence that can be referred to.

(9) Maintain equitable business relationship with the trading partners without making demand, receiving goods or any other benefits directly or indirectly from the trading partner without any exception.

(10) The executive and/or authorized person in the procurement must employ impartial and fair discretion in providing advice, recommendations and listening to comments from the staff.

(11) The executive and/or authorized person on the procurement must control, check and supervise so that the task has been strictly undertaken in accordance with the code of conduct and if it is found that the code of conduct has been violated, investigation and disciplinary action or punishment must be strictly undertaken according to the established procedure.

(12) It is encouraged that the procurement is provided to the Thai operator and/or affiliated companies of the Company with important consideration on the receiving quality and benefit.

(13) The procurement should be conducted in a systematic manner and correct in principle having strict control which can always be improved in consistent with changing business situation.

REGULATION CONCERNING CONFIDENTIALITY

The Company has established measures and procedure concerning the protection of trade secrets which are deemed important to the Company's business operation and cannot be disclosed to the public as follows.

(1) Protection of Company's Confidential Information

(A) The Company's Board of Directors, executives and employees must protect the confidential information and documents that cannot be disclosed and/or trade secrets including formulas, inventions, and researches which the Company has the sole right.

(B) The persons holding position of Company's directors, executives, staffs and employees must not disclose confidential information and documents or trade secrets for another two years after leaving such position.

(C) The executives and staffs of the Company must acknowledge the procedure and measures in the safety protection of information, which must be strictly adhered to, in order to prevent from unintentional disclosure of confidential information.

(2) Level of Confidential Information

(A) The Company's trade secrets must be concealed and not leaked out, depending on the significance of the information such as information that can be disclosed, concealed information, secret information, top secret, etc.

(B) Using of internal information must only be in the assigned scope of duty and responsibility.

(3) Provision of Information to the Outsiders

(A) Director or executive assigned by the Company shall only be the person approving for the public disclosure of the information.

(B) Disclosure of information of other investors must be approved by such investors.

(C) In order to comply with the regulation of SET and/or other relevant laws regarding information disclosure of the listed companies, the Company has established that the person inquiring for news and information of the Company must contact the Investor Relations Office.

(4) Comments to the Outsiders

(A) Normally, the executive and/or staff of the Company must not disclose or express opinion to the outsider.

(B) The executive and/or staff must ask oneself first whether or not he/she has duty to answer such inquiries from the outsider. If not, he/she should politely refuse and recommend that the outsider directly make inquiry to the unit described above.

BUSINESS ETHICS

The business ethics or code of conduct of the Company is the code of practices which the Company considers as appropriate guidelines for business ethics and practices, of which the Company believes that these practices have been traditionally followed for a long period of time and became faithful and acceptable in every circle to distinguish between what is "should" or "should not".

The Board of Directors therefore has established the business ethics or the code of conduct for the Company and fully wishes that all the executives and employees at every level will use as guidelines and strictly follow them for routine practice at all time.

Every executive and employee at every level recognizes the fiduciary duties towards the stakeholders and adheres to the following practices:

(1) Toward Company and Shareholders

(1.1) Perform duties with honesty and in accordance with the laws, as well as making any decision in good faith and fairness to the major and minority shareholders for the maximum benefits of the Company and shareholders overall.

(1.2) Manage the business with skills and knowledge with aim to attain strong and sustainable progress and growth of the Company with appropriate return to the shareholders.

(1.3) Protect Company's interest and look after the Company's assets as if a person responsible for his/her own assets; do not seek to gain personal interest fraudulently, either directly or indirectly.

(1.4) Report the Company's status and operating results accurately and completely based on truth at all times.

(1.5) Do not reveal Company's secret and do not use Company's information or secret to gain personal benefits or others or seek for other benefits dishonestly from work duties.

(1.6) Get rid of problems concerning conflict of interest cautiously and reasonably and disclose the information completely.

(1.7) Respect the ownership right and treat the shareholders equally.

(2) Toward Customers

(2.1) Treat the customers with honesty and fairness, as well as disclose and provide information on the products and services accurately and completely without distorting the information.

(2.2) Strictly comply with the terms and conditions provided to the customers, as well as offer services and treat the customers with kindness.

(2.3) Be attentive to the complaints from the customers and promptly and fairly take care of the matter to meet the demand of the customers.

(2.4) Maintain trade secret of the customers and do not use the information to dishonestly gain personal benefit and/or for other related parties.

(2.5) Constantly provide products and services with quality and standard in order to meet requirements of the customers and/or seek means for maximum benefit for the customers.

(2.6) Do not gain too much profit when compared with the product quality and services and avoid setting trading conditions that are unfair to the customers.

(3) Toward Employees

(3.1) Treat employees fairly and courteously while paying due respect to individuality and human dignity.

(3.2) Maintain work environment that is safe to employees' life and occupational health.

(3.3) Support, promote, practice, train and develop the skill and knowledge of the employees on equitable basis in order to build job security and provide opportunity for advancement according to capability of each employee.

(3.4) Encourage employees to take part in the establishment of direction, development and solution to problems of the Company as teamwork and professionally

(3.5) Provide fair remunerations, appropriate to the responsibilities, knowledge and capabilities and work performance of each employee.

(3.6) Carry out professional appointments, transfer, including rewards and disciplinary actions in good faith and based on competence, capability and suitability of such employee.

(3.7) Comply with all employee-related laws, rules and regulations.

(3.8) Avoid any unfair action to the employees and provide opportunity for employees to file grievances for unfair treatment or unjust processes in order to resolve such employees' grievances in a correct way.

(4) Toward Trading Partners and/or Creditors

(4.1) Do not demand, receive or pay any improper benefits to the trading partners and/or creditors and should it become known that corrupt demand, receipt or payment of any improper benefits occurs, full information will be disclosed to the trading partners and/or creditors and jointly resolve the problem on a fair and timely basis.

(4.2) Strictly comply with the all the terms and conditions agreed with the trading partners and/or creditors. In the case that any particular condition cannot be met, the Company will promptly inform the trading partners and/or creditors in advance in order to jointly seek for acceptable solution and to prevent from further damages.

(4.3) Report accurate and timely financial information to the trading partners and/or creditors on a regular basis.

(4.4) Build good relationship and understanding in a correct and transparent means.

(5) Toward Competitors

(5.1) Treat competitors within legal framework and promote fair competition.

(5.2) Will not fraudulently or inappropriately seek confidential information of the competitors such as paying bribery to the employee of the competitor.

(5.3) Will not damage competitors' reputation by abusive accusation without truth.

(6) Toward Community, Society and Environment

(6.1) Will not engage in business activities and any actions that could damage the reputation of the Country, natural resources and environmental condition and the overall society.

(6.2) Support activities that are beneficial to the community and society overall. Be conscious in the conservation of the environment and local culture.

(6.3) Encourage moral principles or conscience and responsibilities to the overall communities among the employees at every level seriously and on a regular basis. Enhance the quality and security of the overall community, society, and environment by its own initiative or participating with the government.

(6.4) Strictly comply with or supervise on compliance with all relevant laws.

(6.5) Will not cooperate or support any person involving in illegal business or dangerous to the society and security of the Country. Oppose to any forms of corruption.

(7) Toward International Human Rights

(7.1) The Company strictly abide by the human rights principle by providing knowledge and understanding in human rights to employees as part of the operation in the Company, as well as discouraging any business that violates human rights or illegal business.

(7.2) Employees at every level must thoroughly understand the law concerning with their duties and responsibilities and strictly comply with the governmental laws and regulations. Employees should consult with their supervisors and/or related law consultant on any law related concerns. Do not imply and proceed alone.

(7.3) Employees traveling to work overseas should study laws, traditions and culture of the country of destination prior to the trip in order to ensure that overseas business undertaking shall not be illegal or contrary to the traditions and culture of the country of destination.

(7.4) The Company shall uphold fairness and sincerity upon engaging in management related to salary, wages, benefits, and employment terms without favoritism. Forced labors and child labors are not tolerated. The Company shall support all employees with equal opportunity and provide appropriate and pleasant working environment. Additionally, the Company shall comply with the Labor Protection Act and Thai Labor Standards, including other related laws and regulations.

(8) Toward Political Neutrality

(8.1) The Company recognizes the importance of political neutrality. It shall not be involved and aligned with any political parties and political figures.

(8.2) The Company shall not give any monetary support or resources of the Company to any political parties and politicians, directly or indirectly.

(8.3) The Company shall not be involved in the promotion and advertisement of any political parties and politicians in the area of the Company, and resources and assets of the Company shall not be used for such purpose.

(8.4) The Company encourages all employees to exercise their rights on elections according to the Constitution. The Company does not have a policy of both direct and indirect monetary support in favor of any politicians and political parties.

(8.5) Employees at every level are able to exercise their just political rights as an individual. Employees shall not exploit their position in the Company and the name and the seal of the Company in convincing other people to give monetary and other supports to any politicians and political parties.

(8.6) The Company encourages all employees at every level uphold the principles of democracy and exercise their right to vote according to the Constitution.

CODE OF CONDUCT WHEN PROBLEM OCCURS

The established Business Ethics and Code of Conduct for the employees may not cover all the possible cases that may occur; therefore, when problem arises in practice, the employee should consult and discuss with the supervisor according to level of authority for appropriate and suitable guidelines on a case by case basis.

Related Transactions

(1) During year 2014, there were no interests or related transactions between the Company, subsidiaries and associated companies with the directors and/or the executives.

(2) During year 2014, the Company had significant business transactions with its related companies, related by way of shareholding, common shareholders and/or common directors. These transactions, with terms and basis concluded under the normal course of business, are summarized as follows:

(A) Coal Sale and Purchase

1	**Type of Transaction**	**Transactions during Year 2014**
	Coal Sale and Purchase **Related Parties** Seller: Lanna Resources Public Co., Ltd. ("Lanna") Buyer: Siam City Cement Public Co., Ltd. ("SCCC") **Connected Relationship** • SCCC holds 44.99 percent of paid-up capital in Lanna, having three joint representatives being directors of Lanna, namely, Mr. Paul Heinz Hugentobler, Mr. Vorathep Rangchaikul, and Mr. Vanchai Tosomboon.	• Total Coal Volume: 886,691.59 tons • Total Value: Baht 1,687,973,874.01 • Balance Amount as at December 31, 2014: Baht 143,073,216.63 **Pricing Policy** • Market price for same industrial sector and at similar coal quality

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. SCCC uses coal as its primary source of fuel; therefore, future sales and purchase transactions should continue into the future.

2	**Type of Transaction**	**Transactions during Year 2014**
	Coal Sale and Purchase **Related Parties** Seller: United Bulk Shipping Pte. Ltd. ("UBS") Buyer: Lanna Resources Public Co., Ltd. ("Lanna") **Connected Relationship** • Lanna directly holds 49 percent of paid-up capital in UBS, having three joint representatives being directors of UBS, namely, Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul and Mr. Pilas Puntakosol.	• Total Coal Volume: 926,194 tons • Total Value: of USD 35,510,123.83 or approximately Baht 1,156,064,640.24 • Balance Amount as at December 31, 2014 of USD 104,734.14 or Baht 3,452,351.46 • Exchange Rate: USD 1 = Baht 32.963 **Pricing Policy** • Market price for similar coal quality

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future transactions between the parties should continue into the future.

3	**Type of Transaction**	**Transactions during Year 2014**
	Coal Sale and Purchase **Related Parties** Seller: PT. Singlurus Pratama ("SGP") Buyer: Lanna Resources Public Co., Ltd. ("Lanna") **Connected Relationship** • Lanna directly holds 65 percent of paid-up capital in SGP, represented by following commissioners and directors: (A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon (B) Board of Directors: having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. **Reasons and Necessities** • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future coal sales service transactions between the parties should continue into the future.	• Coal Volume: None • Total Value: None • Interest for Advance Coal Payment: USD 79,787.72 or approximately Baht 2,578,052.94 • Advance Payment as at December 31, 2014: None **Pricing Policy** • Comparable market service rates in general

(B) Coal Freight Transport Services

1	**Type of Transaction**	**Transactions during Year 2014**
	Coal Freight Transport Services **Related Parties** Employer: Lanna Resources Public Co., Ltd. ("Lanna") Contractor: United Bulk Shipping Pte. Ltd. ("UBS") **Connected Relationship** • Lanna directly holds 49 percent of paid-up capital in UBS having three representing directors, namely, Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul, and Mr. Pilas Puntakosol **Reasons and Necessities** • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since Lanna has the policy to continue importing coals from overseas for sales; therefore, the tendency for future coal freight transport transactions between the parties should continue into the future.	• Coal Transport Volume: 926,194 tons • Total Service Value: USD 7,059,489.20 or Baht 229,904,004.23 • Balance Amount as of December 31, 2014: USD 41,256.08 Or approximately Baht 1,359,924.17 • Exchange Rate: USD 1 = Baht 32.963 **Pricing Policy** • Comparable to general market freight rates paid to external vendors.

(C) Coal Marketing and Distribution Services

1 **Type of Transaction**

Broker for Coal with Commission Fee

Related Parties

Broker: Lanna Resources Public Co., Ltd. ("Lanna")

Service Receiver: PT. Lanna Harita Indonesia ("LHI")

Connected Relationship

- Lanna directly holds 55 percent of paid-up capital in LHI and is represented by the following commissioners and directors:

Transactions during Year 2014

- Coal Volume: 3,459,044.568 tons
- Total Service Value: 2,594,283.45 or approximately Baht 83,878,053.84
- Balance Amount as at December 31, 2014: USD 254,514.00 or approximately Baht 8,389,544.98
- Exchange Rate: USD 1 = Baht 32.9636

Pricing Policy

- Comparable market service rates in general

(A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Atichart Mongkol and Mr. Thamrong Angsakul.

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future coal sales service transactions between the parties should continue into the future.

2 **Type of Transaction**

Coal Marketing and Distribution Services

Related Parties

Service Provider: Lanna Resources Public Co., Ltd. ("Lanna")

Service Receiver: PT. Singlurus Pratama ("SGP")

Connected Relationship

- Lanna directly holds 65 percent of paid-up capital in SGP, represented by following commissioners and directors:

Transactions during Year 2014

- Coal Volume: 2,268,041.053 tons
- Total Service Value: USD 3,402,061.54 or approximately Baht 110,057,299.08
- Balance Amount as at December 31, 2014: USD 1,375,333.13 or approximately Baht 45,335,105.96
- Exchange Rate: USD 1 = Baht 32.963

Pricing Policy

- Comparable market service rates in general

(A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon.

(B) Board of Directors: having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk.

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is Lanna's core business; therefore, the tendency for future coal sales service transactions between the parties should continue into the future.

3	**Type of Transaction**	**Transactions during Year 2014**
	Service Fees **Related Parties** Fee Receiver: Lanna Resources Public Co., Ltd. ("Lanna") Fee Payer: PT. Singlurus Pratama ("SGP") **Connected Relationship** • Lanna directly holds 65 percent of paid-up capital in SGP, represented by the following commissioners and directors: (A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon. (B) Board of Directors: having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. **Reasons and Necessities** • Purchase of right to the service fee from other investor in such company	• Coal Volume: 2,268,041.053 tons • Total Right to Fee Value: USD 1,701,030.79 or approximately Baht 55,028,650.16 • Balance Amount as of December 31, 2014: USD 687,652.59 or approximately Baht 22,667,092.32 • Exchange Rate: USD 1 = Baht 32.963 **Pricing Policy** • Comparable market service rates in general

(D) Management Service

1	**Type of Transaction**	**Transactions during Year 2014**
	Management Service **Related Parties** Service Provider: PT. Lanna Mining Services ("LMS") Service Receiver: PT. Lanna Harita Indonesia ("LHI") **Connected Relationship** • Lanna directly and indirectly holds 99.975 percent of paid-up capital in LMS and is represented by the following commissioners and directors: (A) Board of Commissioners, having five representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors, having five representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. • Lanna directly holds 55 percent of paid-up capital in LHI and is represented by the following commissioners and directors: (A) Board of Commissioners: having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak. (B) Board of Directors: having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Atichart Mongkol and Mr. Thamrong Angsakul. **Reasons and Necessities** • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation.	• Total Service Value: USD 60,000 or approximately Baht 1,951,040.75 • Balance Amount as of December 31, 2014: None **Pricing Policy** • Comparable service rates paid to external vendors

2	**Type of Transaction**	**Transactions during Year 2014**
	Management Service **Related Parties** Service Provider: PT. Lanna Mining Services ("LMS") Service Receiver: PT. Singlurus Pratama ("SGP") **Connected Relationship**	• Total Service Value: USD 60,000 or approximately Baht 1,951,040.75 • Balance Amount as of December 31, 2014: None **Pricing Policy** • Comparable service rates paid to external vendors

- Lanna directly and indirectly holds 99.975 percent of paid-up capital in LMS and is represented by the following commissioners and directors:
  - (A) Board of Commissioners, having five representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak.
  - (B) Board of Directors, having five representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo.
- Lanna directly holds 65 percent of paid-up capital in SGP and is represented by the following commissioners and directors:
  - (A) Board of Commissioners, having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, Mrs. Petcharat Chayanon.
  - (B) Board of Directors, having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk.

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation.

(E) Asset Rental Service

1	**Type of Transaction**	**Transactions during Year 2014**
	Asset Rental Service **Related Parties** Service Provider: PT. Lanna Mining Services ("LMS") Service Receiver: PT. Singlurus Pratama ("SGP") **Connected Relationship** • Lanna directly and indirectly holds 99.975 percent of paid-up capital in LMS and is represented by the following commissioners and directors:	• Total Service Value: USD 240,000 or approximately Baht 7,804,163.00 • Balance Amount as of December 31, 2014: USD 20,000 or approximately Baht 659,260 • Exchange Rate: USD 1 = Baht 32.963 **Pricing Policy** • Comparable service rates paid to external vendors

  - (A) Board of Commissioners, having five representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak.
  - (B) Board of Directors, having five representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Louharanoo.
- Lanna directly holds 65 percent of paid-up capital in SGP and is represented by the following commissioners and directors:
  - (A) Board of Commissioners, having four representatives from Lanna; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, Mrs. Petcharat Chayanon.
  - (B) Board of Directors, having four representatives from Lanna; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk.

Reasons and Necessities

- The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation.

OPINION OF THE AUDIT COMMITTEE ON THE RELATED TRANSACTIONS

February 25, 2015

Attention: The Board of Directors
Lanna Resources Public Company Limited

The Audit Committee has examined and reviewed the related transactions occurred during year 2013 among Lanna Resources Public Company Limited, its subsidiaries, associated companies, persons with associated interest or related persons, in order to express their opinions, including disclosure of information on the operation in accordance with the regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand, which can be summarized as follows.

(1) The Company has sold imported coal to Siam City Cement Public Co., Ltd., which is both a Company's customer and a major shareholder, with agreed trading price based on comparable quality of coal offered to other customers in the same industry and in accordance with general commercial terms.

(2) The Company has purchased imported coal for further selling from United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(3) The Company has received interest of advance coal payment from PT. Singlurus Pratama, a subsidiary company registered in Indonesia, with interest rate based on market rate in accordance with general business agreements.

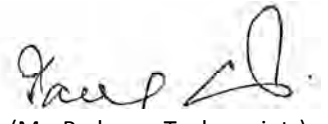
(4) United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, has rendered service for sea transport of coal to the Company, with agreed freight rate based on comparable freight rates offered to external parties and in accordance with general commercial terms.

(5) The Company has rendered coal distribution services to PT. Lanna Harita Indonesia and PT. Singlurus Pratama, both of which are subsidiary companies registered in Indonesia, with agreed commission fees based on comparable service rates in general and in accordance with general commercial terms.

(6) The Company has received fees from the coal produced and distributed from PT. Singlurus Pratama, a subsidiary company registered in Indonesia, due to the Company’s purchase of such right from the other investor in 2008, which was in accordance with general commercial terms.

(7) PT. Lanna Mining Services has rendered management services to PT. Lanna Harita Indonesia and PT. Singlurus Pratama, all three of which are subsidiary companies registered in Indonesia, with agreed service rates based on comparable service rates offered to external parties and in accordance with general commercial terms.

(8) PT. Lanna Mining Services has rendered asset rental services to PT. Singlurus Pratama, both of which are subsidiary companies registered in Indonesia, with agreed rental fees based on comparable rental rates offered to external parties and in accordance with general commercial terms.



(Mr. Padoong Techasarintr)
Chairman of the Audit Committee



(Mr. Adul Tantharatana)
Audit Committee Member



(Mrs. Duangkamol Suchato)
Audit Committee Member

Shareholders' Visit to the Ayutthaya Coal Distribution Center













































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