

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and six-month periods ended
30 June 2017

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 30 June 2017, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2017, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2017, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 11 August 2017

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents	4	953,495	698,170	119,429	82,502
Current investments	5	634,569	632,806	631,360	629,525
Trade and other receivables	3, 6	1,047,831	616,555	247,911	203,026
Inventories	7	680,800	460,386	216,978	228,408
Input tax refundable		380,599	805,567	2,412	9,102
Prepaid income tax		51,432	131,525	6,220	-
Advance payments for goods	3, 8	93,507	585,797	92,928	89,147
Other current assets		60,323	35,024	3,035	1,984
Total current assets		3,902,556	3,965,830	1,320,273	1,243,694
Non-current assets					
Restricted bank deposits	4	129,734	78,609	-	-
Investments in subsidiaries	9	-	-	757,038	757,038
Investment in associated company	10	33,881	25,221	891	891
Investment properties		32,422	32,422	32,422	32,422
Property, plant and equipment	11	3,581,760	3,635,876	298,531	274,597
Goodwill		185,999	185,999	-	-
Intangible assets		5,663	5,109	3,549	2,588
Deferred tax assets		22,758	22,011	19,016	18,796
Other non-current assets	12	514,484	579,425	7,779	13,214
Total non-current assets		4,506,701	4,564,672	1,119,226	1,099,546
Total assets		8,409,257	8,530,502	2,439,499	2,343,240

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	856,768	1,031,550	-	-
Trade and other payables	3, 14	414,700	481,386	118,945	136,407
Current portion of liabilities under finance lease agreements		3,201	2,805	-	-
Current portion of long-term loan from financial institution	15	180,000	180,000	-	-
Accrued expenses		210,627	151,378	8,036	12,525
Income tax payable		146,225	25,405	-	91
Other current liabilities		173,148	122,790	7,232	9,525
Total current liabilities		1,984,669	1,995,314	134,213	158,548
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		3,839	3,957	-	-
Long-term loan from financial institution - net of current portion	15	27,757	117,757	-	-
Provision for long-term employee benefits		194,501	186,709	28,462	27,220
Provision for mine reclamation and decommissioning costs		76,127	110,389	-	-
Deferred tax liabilities		43,392	51,396	-	-
Other non-current liabilities		218,146	258,620	-	-
Total non-current liabilities		563,762	728,828	28,462	27,220
Total liabilities		2,548,431	2,724,142	162,675	185,768

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid up				
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400
Retained earnings				
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500
Appropriated - General reserve	747,300	746,000	747,300	746,000
Unappropriated	2,068,728	1,920,661	271,624	153,572
Other components of shareholders' equity	111,613	193,990	-	-
Equity attributable to owners of the Company	4,185,541	4,118,551	2,276,824	2,157,472
Non-controlling interests of the subsidiaries	1,675,285	1,687,809	-	-
Total shareholders' equity	5,860,826	5,806,360	2,276,824	2,157,472
Total liabilities and shareholders' equity	8,409,257	8,530,502	2,439,499	2,343,240

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

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Directors
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(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the three-month period ended 30 June 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	3	2,906,867	2,252,189	498,581	311,108
Commission and marketing service income	3	-	-	37,420	39,766
Other income					
Dividend income	3, 9, 10	-	-	143,566	83,306
Service income	3	-	-	10,928	8,670
Gain on exchange		-	2,454	-	1,118
Interest income		5,024	6,292	3,290	2,245
Others		2,550	3,481	1,008	1,770
Total other income		7,574	12,227	158,792	97,109
Total revenues		2,914,441	2,264,416	694,793	447,983
Expenses					
Cost of sales	3	1,985,926	1,727,348	451,572	255,516
Selling and distribution expenses		419,980	317,548	41,933	36,500
Administrative expenses		129,948	118,601	31,910	29,520
Loss on exchange		1,214	-	15	-
Total expenses		2,537,068	2,163,497	525,430	321,536
Profit before share of profit from investment in associated company, finance cost and income tax expenses					
Share of profit from investment in associated company	10	5,145	2,906	-	-
Profit before finance cost and income tax expenses		382,518	103,825	169,363	126,447
Finance cost		(18,140)	(10,812)	-	-
Profit before income tax expenses		364,378	93,013	169,363	126,447
Income tax expenses	16	(86,480)	(23,239)	(16,254)	(10,383)
Profit for the period		277,898	69,774	153,109	116,064
Profit attributable to:					
Equity holders of the Company		161,220	49,443	153,109	116,064
Non-controlling interests of the subsidiaries		116,678	20,331		
		277,898	69,774		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	17	0.31	0.09	0.29	0.22

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period	<u>277,898</u>	<u>69,774</u>	<u>153,109</u>	<u>116,064</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(35,001)</u>	<u>(3,819)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(35,001)</u>	<u>(3,819)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(35,001)</u>	<u>(3,819)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>242,897</u>	<u>65,955</u>	<u>153,109</u>	<u>116,064</u>
Total comprehensive income attributable to:				
Equity holders of the Company	139,475	47,084	<u>153,109</u>	<u>116,064</u>
Non-controlling interests of the subsidiaries	<u>103,422</u>	<u>18,871</u>		
	<u>242,897</u>	<u>65,955</u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the six-month period ended 30 June 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	3	5,687,556	4,787,140	967,548	706,598
Commission and marketing service income	3	-	-	70,254	87,517
Other income					
Dividend income	3, 9, 10	-	-	257,417	106,179
Service income	3	-	-	17,817	20,746
Gain on exchange		782	32,338	-	-
Interest income		9,888	10,844	5,079	4,439
Others		20,997	6,892	12,925	4,751
Total other income		31,667	50,074	293,238	136,115
Total revenues		5,719,223	4,837,214	1,331,040	930,230
Expenses					
Cost of sales	3	3,898,396	3,578,084	888,065	587,768
Selling and distribution expenses		789,047	688,530	84,403	75,817
Administrative expenses		258,668	202,718	55,886	54,577
Loss on exchange		-	-	4,549	1,073
Total expenses		4,946,111	4,469,332	1,032,903	719,235
Profit before share of profit from investment in associated company, finance cost and income tax expenses					
Share of profit from investment in associated company	10	8,660	9,225	-	-
Profit before finance cost and income tax expenses		781,772	377,107	298,137	210,995
Finance cost		(35,748)	(23,163)	-	-
Profit before income tax expenses		746,024	353,944	298,137	210,995
Income tax expenses	16	(205,416)	(79,669)	(26,535)	(23,955)
Profit for the period		540,608	274,275	271,602	187,040
Profit attributable to:					
Equity holders of the Company		301,617	184,486	271,602	187,040
Non-controlling interests of the subsidiaries		238,991	89,789		
		540,608	274,275		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	17	0.57	0.35	0.52	0.36

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period	<u>540,608</u>	<u>274,275</u>	<u>271,602</u>	<u>187,040</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(131,870)</u>	<u>(65,970)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(131,870)</u>	<u>(65,970)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(131,870)</u>	<u>(65,970)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>408,738</u></u>	<u><u>208,305</u></u>	<u><u>271,602</u></u>	<u><u>187,040</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	219,240	143,284	<u>271,602</u>	<u>187,040</u>
Non-controlling interests of the subsidiaries	<u>189,498</u>	<u>65,021</u>		
	<u><u>408,738</u></u>	<u><u>208,305</u></u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
					Other components of shareholders' equity											
					Other	comprehensive	income	Exchange	differences on	translation of	Surplus on change	Capital reserve	Total other	Total equity	Equity attributable	Total
					Retained earnings	financial	in the percentage	for share-based	component of	owners of	interests of	shareholders'	the Company	the subsidiaries	shareholders'	
					Appropriated	statements in	of shareholding	payment	shareholders'	owners of	interests of	shareholders'	the Company	the subsidiaries	shareholders'	
Note	Issued and	Share	Statutory	General	Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity	equity	equity	equity	
Note	share capital	premium	reserve	reserve	Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity	equity	equity	equity	
	525,000	680,400	52,500	734,900	2,057,902	130,170	75,949	556	206,675	4,257,377	1,723,820	5,981,197				
Balance as at 1 January 2016																
Profit for the period	-	-	-	-	184,486	-	-	-	-	184,486	89,789	274,275				
Other comprehensive income for the period	-	-	-	-	-	(41,202)	-	-	(41,202)	(41,202)	(24,768)	(65,970)				
Total comprehensive income for the period	-	-	-	-	184,486	(41,202)	-	-	(41,202)	143,284	65,021	208,305				
Dividend paid	18	-	-	-	(210,000)	-	-	-	-	(210,000)	-	(210,000)				
Unappropriated retained earnings transferred to general reserve	18	-	-	11,100	(11,100)	-	-	-	-	-	-	-				
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	(62,124)	(62,124)				
Balance as at 30 June 2016	525,000	680,400	52,500	746,000	2,021,288	88,968	75,949	556	165,473	4,190,661	1,726,717	5,917,378				
Balance as at 1 January 2017	525,000	680,400	52,500	746,000	1,920,661	117,485	75,949	556	193,990	4,118,551	1,687,809	5,806,360				
Profit for the period	-	-	-	-	301,617	-	-	-	-	301,617	238,991	540,608				
Other comprehensive income for the period	-	-	-	-	-	(82,377)	-	-	(82,377)	(82,377)	(49,493)	(131,870)				
Total comprehensive income for the period	-	-	-	-	301,617	(82,377)	-	-	(82,377)	219,240	189,498	408,738				
Dividend paid	18	-	-	-	(152,250)	-	-	-	-	(152,250)	-	(152,250)				
Unappropriated retained earnings transferred to general reserve	18	-	-	1,300	(1,300)	-	-	-	-	-	-	-				
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	(202,022)	(202,022)				
Balance as at 30 June 2017	525,000	680,400	52,500	747,300	2,068,728	35,108	75,949	556	111,613	4,185,541	1,675,285	5,860,826				

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

		Separate financial statements					
		Retained earnings			Unappropriated	Total shareholders' equity	
		Appropriated					
	Issued and paid up share capital	Share premium	Statutory reserve	General reserve			
Note							
	Balance as at 1 January 2016	525,000	680,400	52,500	734,900	221,170	2,213,970
	Profit for the period	-	-	-	-	187,040	187,040
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	187,040	187,040
	Dividend paid	-	-	-	-	(210,000)	(210,000)
18	Unappropriated retained earnings transferred to general reserve	-	-	-	11,100	(11,100)	-
18		-	-	-	-	-	-
	Balance as at 30 June 2016	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>746,000</u>	<u>187,110</u>	<u>2,191,010</u>
	Balance as at 1 January 2017	525,000	680,400	52,500	746,000	153,572	2,157,472
	Profit for the period	-	-	-	-	271,602	271,602
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	271,602	271,602
	Dividend paid	-	-	-	-	(152,250)	(152,250)
18	Unappropriated retained earnings transferred to general reserve	-	-	-	1,300	(1,300)	-
18		-	-	-	-	-	-
	Balance as at 30 June 2017	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>747,300</u>	<u>271,624</u>	<u>2,276,824</u>

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Statements of cash flows****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	746,024	353,944	298,137	210,995
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	377,727	246,368	11,215	11,574
Reduction of inventories to net realisable value (reversal)	(3,867)	3,540	-	-
Gain on disposals and change in value of investments in trading securities	(2,046)	(3,041)	(1,988)	(2,969)
Share of profit from investment in associated company	(8,660)	(9,225)	-	-
Write-off of input tax refundable and prepaid income tax	40,750	33,599	-	-
Loss on write-off of equipment	535	2	-	-
Gain on disposals of equipment	(454)	(1,822)	(4)	(1,299)
Write-back of dividend payable	(4,164)	-	(4,164)	-
Dividend income	-	-	(257,417)	(106,179)
Provision for long-term employee benefits	16,874	16,928	1,242	1,351
Provision for mine reclamation and decommissioning costs (reversal)	(7,512)	13,200	-	-
Unrealised loss (gain) on exchange	(16,422)	(30,131)	5,139	462
Interest income	(9,888)	(10,844)	(5,079)	(4,439)
Interest expenses	35,680	21,845	-	-
Profit from operating activities before changes in operating assets and liabilities	1,164,577	634,363	47,081	109,496
Operating assets (increase) decrease				
Trade and other receivables	(431,086)	(2,027)	(43,037)	40,876
Inventories	(216,392)	(157,965)	11,430	(43,895)
Input tax refundable	386,208	213,076	6,690	-
Advance payments for goods	492,240	458,446	(8,442)	-
Other current assets	(25,299)	(25,278)	(1,051)	(83)
Operating liabilities increase (decrease)				
Trade and other payables	(55,156)	(39,063)	(23,644)	(17,575)
Accrued expenses	59,347	(108,851)	(4,489)	(13,920)
Other current liabilities	38,776	(10,722)	(2,306)	(15,228)
Cash paid for long-term employee benefits	(2,934)	(22,310)	-	(11,791)
Cash paid for mine reclamation	(13,725)	(6,964)	-	-
Cash from (used in) operating activities	1,396,556	932,705	(17,768)	47,880
Interest income	9,696	7,649	3,229	1,542
Cash paid for interest expenses	(18,905)	(22,132)	-	-
Refund of income tax	56,937	57,516	-	-
Cash paid for income tax	(89,650)	(68,031)	(28,889)	(11,404)
Net cash from (used in) operating activities	1,354,634	907,707	(43,428)	38,018

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease in current investments	283	25,968	153	25,968
Increase in restricted bank deposits	(55,182)	(70,053)	-	-
Dividend received from subsidiaries and associated company	-	34,694	257,417	106,179
Proceed from disposals of equipment	1,024	1,822	4	1,299
Acquisitions of property, plant and equipment	(176,459)	(97,921)	(23,566)	(4,603)
Acquisitions of computer software	(1,424)	(2,667)	(1,385)	(2,545)
Decrease (increase) in other non-current assets	<u>(213,909)</u>	<u>(101,017)</u>	<u>(10)</u>	<u>83</u>
Net cash from (used in) investing activities	<u>(445,667)</u>	<u>(209,174)</u>	<u>232,613</u>	<u>126,381</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(174,782)	(307,568)	-	-
Cash paid for liabilities under finance lease agreements	(1,647)	(1,231)	-	-
Repayment of long-term loan from financial institution	(90,000)	(90,000)	-	-
Dividend paid	(354,272)	(272,124)	(152,250)	(210,000)
Decrease in non-controlling interests of the subsidiaries	<u>(49,493)</u>	<u>(24,768)</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(670,194)</u>	<u>(695,691)</u>	<u>(152,250)</u>	<u>(210,000)</u>
Increase in translation adjustments	<u>16,560</u>	<u>18,717</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	255,333	21,559	36,935	(45,601)
Cash and cash equivalents at beginning of period	698,170	660,146	82,502	61,886
Effect of change in foreign exchange rate				
on cash at bank balance	<u>(8)</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Cash and cash equivalents at end of period (Note 4)	<u>953,495</u>	<u>681,705</u>	<u>119,429</u>	<u>16,285</u>

Supplemental cash flows information:

Non-cash transactions from investing activities

Increase (decrease) in payables from purchases of

plant, equipment and intangible assets

(12,008)

2,369

5,714

11

Acquisitions of equipment under finance lease agreements

1,701

3,447

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

Lanna Resources Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2017

1. General information

1.1 Corporate information

Lanna Resources Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Siam City Cement Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of coal. The registered office of the Company is at 888/99 Mahathun Plaza Building 9th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Basis of preparation of interim financial statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements included the financial statements of Lanna Resources Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There have been no change in the composition of the Group during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

3. Related party transactions

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

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Commission and marketing service income	-	-	37,420	39,766
Dividend income	-	-	143,566	48,612
Service income	-	-	10,928	8,670
Interest income	-	-	1,654	-
Purchase of coal	-	-	155,867	-
<u>Transactions with major shareholder</u>				
Sales of coal	405,205	253,894	405,205	253,894
<u>Transactions with associated company</u>				
Dividend income	-	-	-	34,694
Purchase of coal	167,352	225,290	167,352	225,290
Freight charge	48,488	34,072	48,488	34,072

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Commission and marketing service				
income	-	-	70,254	87,517
Dividend income	-	-	257,417	71,485
Service income	-	-	17,817	20,746
Interest income	-	-	1,654	-
Purchase of coal	-	-	229,088	-
<u>Transactions with major shareholder</u>				
Sales of coal	769,774	593,608	769,774	593,608
<u>Transactions with associated company</u>				
Dividend income	-	-	-	34,694
Purchase of coal	415,377	452,652	415,377	452,652
Freight charge	74,044	69,547	74,044	69,547

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
Interest income	At the rate agreed between the parties
Freight charge	Price comparable to freight charges paid to third parties

(Unaudited but reviewed)

As at 30 June 2017 and 31 December 2016, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Major shareholder	157,958	145,436	157,958	145,436
Subsidiaries	-	-	31,303	10,329
Total trade and other receivables - related parties	<u>157,958</u>	<u>145,436</u>	<u>189,261</u>	<u>155,765</u>
<u>Advance payments for goods - related parties</u>				
(Note 8)				
Subsidiary company	-	-	84,536	89,147
Associated company	8,392	-	8,392	-
Total advance payment for goods - related parties	<u>8,392</u>	<u>-</u>	<u>92,928</u>	<u>89,147</u>
<u>Trade and other payables - related parties</u>				
(Note 14)				
Subsidiary company	-	-	75,963	94,283
Associated company	1,220	7,643	1,220	7,643
Total trade and other payables - related parties	<u>1,220</u>	<u>7,643</u>	<u>77,183</u>	<u>101,926</u>

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	40,207	41,460	10,968	11,760
Post-employment benefits	5,923	3,152	269	254
Total	<u>46,130</u>	<u>44,612</u>	<u>11,237</u>	<u>12,014</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	66,868	67,216	16,851	17,558
Post-employment benefits	10,311	6,263	538	507
Total	<u>77,179</u>	<u>73,479</u>	<u>17,389</u>	<u>18,065</u>

4. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	187	178	40	40
Bank deposits	1,083,042	726,601	119,389	32,462
Investments in bills of exchange	-	50,000	-	50,000
Total	<u>1,083,229</u>	<u>776,779</u>	<u>119,429</u>	<u>82,502</u>
Less: Restricted bank deposits	<u>(129,734)</u>	<u>(78,609)</u>	-	-
Total	<u>953,495</u>	<u>698,170</u>	<u>119,429</u>	<u>82,502</u>

As at 30 June 2017, bank deposits in savings account, fixed deposits and investments in bills of exchange carried interests between 0.10 and 7.25 percent per annum (31 December 2016: between 0.10 and 7.50 percent per annum).

As at 30 June 2017, the overseas subsidiaries have restricted bank deposits of USD 3.8 million or approximately Baht 129.7 million (31 December 2016: USD 2.2 million or approximately Baht 78.6 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 21.5.

(Unaudited but reviewed)

5. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Investments in trading securities - fair value	304,569	232,806	301,360	229,525
Fixed deposits	150,000	150,000	150,000	150,000
Investments in bills of exchange	180,000	250,000	180,000	250,000
Total	634,569	632,806	631,360	629,525

As at 30 June 2017, the Company had current investments in the form of fixed deposits and bills of exchange amounting to Baht 330 million (31 December 2016: Baht 400 million) carried interests between 1.6 and 1.7 percent per annum (31 December 2016: between 1.5 and 1.7 percent per annum) and due for redemption during July 2017 to January 2018.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	157,958	145,436	172,800	151,170
Past due				
Up to 3 months	-	-	6,845	2,389
Total trade receivables - related parties	157,958	145,436	179,645	153,559
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	880,793	457,482	56,269	45,063
Past due				
Up to 3 months	-	72	-	72
Over 3 months to 6 months	-	72	-	72
Total trade receivables - unrelated parties	880,793	457,626	56,269	45,207
Less: Allowance for doubtful debt	-	(144)	-	(144)
Total trade receivable - unrelated parties, net	880,793	457,482	56,269	45,063
Total trade receivables, net	1,038,751	602,918	235,914	198,622

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Other receivables</u>				
Other receivables - related parties	-	-	7,962	2,206
Other receivables - unrelated parties	6,662	11,390	4	2
Advances	397	416	397	412
Interest receivable - related party	-	-	1,654	-
Interest receivable - unrelated parties	2,021	1,831	1,980	1,784
Total other receivables	9,080	13,637	11,997	4,404
Total trade and other receivables, net	1,047,831	616,555	247,911	203,026

An overseas subsidiary has pledged its accounts receivable to secure bank guarantees issued by bank. As at 30 June 2017, the balance of accounts receivable totaling Rupiah 87,677 million or approximately Baht 223.7 million (31 December 2016: Rupiah 19,210 million or approximately Baht 51.2 million) were placed to secure such credit facilities.

7. Reduction of inventories to net realisable value

Movements in the reduction of inventories to net realisable value during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	4,022	-
Less: Reversal of reduction of inventory value during the period	(3,867)	-
Less: Translation adjustments	(155)	-
Balance as at 30 June 2017	-	-

(Unaudited but reviewed)

8. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Advance payments for goods - related parties	8,392	-	92,928	89,147
Advance payments for goods - unrelated parties	85,115	585,797	-	-
Total advance payments for goods	93,507	585,797	92,928	89,147

The local subsidiary had significant business transactions with local companies in respect of purchases of molasses and cassava chips under the purchase of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 30 June 2017, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 62.7 million (31 December 2016: Baht 543.6 million).

9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received for the six-month periods ended	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
			(%)	(%)				
Local subsidiaries								
Lanna Power Generation Company Limited	Baht 2.5 million	Baht 2.5 million	100.00	100.00	2,500	2,500	-	-
Thai Agro Energy Public Co., Ltd.	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	25,500	25,500
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	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626	18,626	43,688	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	188,229	45,985
Total					757,038	757,038	257,417	71,485

(Unaudited but reviewed)

10. Investment in associated company

(Unit: Thousand Baht)

Company's name	Nature of business	Relationship	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements			
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	Carrying amounts based on equity method		Cost		Dividend received for the six-month periods ended	
					(%)	(%)	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	Direct holding	SGD 0.1 million	SGD 0.1 million	49	49	33,881	25,221	891	891	-	34,694
Total							33,881	25,221	891	891	-	34,694

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and six-month periods ended 30 June 2017 of approximately Baht 5.1 million and Baht 8.7 million, respectively (2016: Baht 2.9 million and Baht 9.2 million, respectively) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

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

11. Property, plant and equipment

Movements in the property, plant and equipment account for the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2016	3,635,876	274,597
Acquisitions during the period - cost	139,930	29,280
Disposals and write-off during the period - net book value on disposed/written-off date	(12,300)	-
Depreciation for the period	(127,150)	(5,346)
Translation adjustments	(54,596)	-
Net book value as at 30 June 2017	<u>3,581,760</u>	<u>298,531</u>

As at 30 June 2017, a subsidiary has motor vehicles under finance lease agreements with net book values amounting to Baht 8.7 million (31 December 2016: Baht 8.3 million).

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 30 June 2017 amounting to approximately Baht 1,120.9 million (31 December 2016: Baht 1,108.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 13 and 15.

12. Other non-current assets

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Deferred expenses - Indonesia coal mine project	316,834	344,670	-	-
Deferred stripping costs	133,907	162,584	-	-
Deferred transferred service fees according to contract	4,040	9,485	4,040	9,485
Others	59,703	62,686	3,739	3,729
Total other non-current assets	<u>514,484</u>	<u>579,425</u>	<u>7,779</u>	<u>13,214</u>
Amortisation expenses for the period	<u>249,663</u>	<u>364,657</u>	<u>5,445</u>	<u>10,119</u>

Agreement of transferring service fees provided by PT. Indocoal Pratama Jaya

On 6 March 2008, the Company and PT. Indocoal Pratama Jaya (“IPJ”) entered into agreement of transferring service fees for service provided to the concession area of PT. Singlurus Pratama (“SGP”) for the first 15 million tons of coal produced and distributed at a price of USD 0.75 per ton, in accordance with the Service Agreement, which stipulates that IPJ is to receive a fee of USD 0.75 per ton of coal produced and distributed from SGP.

IPJ has an agreement with a creditor who provided it with financial support, whereby IPJ agrees to pay the creditor the fees it receives at a rate of USD 0.75 per ton for the first 15 million tons of coal produced and distributed from the SGP concession.

That creditor agreed to transfer such fees to the Company at a negotiated price of USD 3.75 million, or equivalent to Baht 118.3 million, with the Company making a lump sum payment. Such fees will be amortised according to the quantity of coal sold from SGP and the Company had already started amortising the fee since July 2009.

13. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 June 2017	31 December 2016
Promissory notes	509,965	757,266
Trust receipts	346,803	229,371
Short-term loans from financial institution	-	44,913
Total	<u>856,768</u>	<u>1,031,550</u>

As at 30 June 2017, the local subsidiary had short-term loans from financial institutions in form of promissory notes of Baht 510.0 million (31 December 2016: Baht 757.3 million), which bear interests at 2.85 - 3.10 percent per annum (31 December 2016: between 2.85 and 3.10 percent per annum). The loan is secured by the mortgage of part of the subsidiary’s land and construction thereon and machinery as discussed in Note 11.

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Trade payables - related parties	1,220	7,643	77,183	101,926
Trade payables - unrelated parties	366,872	392,622	34,384	32,941
Other payables - unrelated parties	46,608	81,121	7,378	1,540
Total trade and other payables	414,700	481,386	118,945	136,407

15. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	30 June	31 December
	2017	2016
Long-term loan from financial institution	207,757	297,757
Less: Current portion	(180,000)	(180,000)
Long-term loan from financial institution - net of current portion	27,757	117,757

Movements in the long-term loan from financial institution during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2016	297,757
Less: Repayment during the period	(90,000)
Balance as at 30 June 2017	207,757

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 11.

Subsequently, on 7 March 2014, the subsidiary executed a memorandum attached to the long-term loan agreement made 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 certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement.

As at 30 June 2017 and 31 December 2016, the subsidiary could maintain certain financial ratios as specified in the long-term loan agreement.

16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	75,714	23,395	2,047	8,785
Withholding tax deducted at source recognised as expenses during the period	14,303	1,734	14,303	1,734
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,537)	(1,890)	(96)	(136)
Income tax expense reported in the income statements	<u>86,480</u>	<u>23,239</u>	<u>16,254</u>	<u>10,383</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	188,051	74,334	3,224	20,777
Withholding tax deducted at source recognised as expenses during the period	23,531	3,449	23,531	3,449
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,166)	1,886	(220)	(271)
Income tax expense reported in the income statements	<u>205,416</u>	<u>79,669</u>	<u>26,535</u>	<u>23,955</u>

17. Earnings per share

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

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

For the three-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit attributable to equity holders of the Company (Thousand Baht)	161,220	49,443	153,109	116,064
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.31	0.09	0.29	0.22

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit attributable to equity holders of the Company (Thousand Baht)	301,617	184,486	271,602	187,040
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.57	0.35	0.52	0.36

18. Dividend paid

Dividends paid by the Group during the six-month periods ended 30 June 2017 and 2016 are as follows:

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2017</u>				
Final dividends for 2016	Annual General Meeting of the shareholders on 25 April 2017	152,250	0.29	16 May 2017
Total		152,250	0.29	
<u>2016</u>				
Final dividends for 2015	Annual General Meeting of the shareholders on 25 April 2016	210,000	0.40	16 May 2016
Total		210,000	0.40	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 1.3 million (2016: Baht 11.1 million).

Local subsidiary**Thai Agro Energy Public Co., Ltd.**

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2017</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2016	Annual General Meeting of the shareholders on 24 April 2017	50,000	0.05	23 May 2017
Total		50,000	0.05	

(Unaudited but reviewed)

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2016				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2015	Annual General Meeting of the shareholders on 18 April 2016	50,000	0.05	18 May 2016
Total		<u>50,000</u>	<u>0.05</u>	

Overseas subsidiaries**PT. Lanna Harita Indonesia**

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
2017				
The third interim dividend for 2016	Board of Directors' meeting on 24 March 2017	6,000	750	24 March 2017
Final dividends for 2016	Annual General Meeting of the shareholders on 12 June 2017	4,000	500	16 June 2017
Total		<u>10,000</u>	<u>1,250</u>	
2016				
The third interim dividend for 2015	Board of Directors' meeting on 15 March 2016	1,200	150	18 March 2016
Final dividends for 2015	Annual General Meeting of the shareholders on 1 June 2016	1,200	150	14 June 2016
Total		<u>2,400</u>	<u>300</u>	

During the six-month period ended 30 June 2017, the Company received dividend income at 55 percent for a total of USD 5.5 million or equivalent to Baht 188.2 million. The Company had been withheld the withholding tax deducted at source of Baht 14.1 million (2016: dividend income at 55 percent for a total of USD 1.3 million or equivalent to Baht 46.0 million. The Company had been withheld the withholding tax deducted at source of Baht 3.4 million).

(Unaudited but reviewed)

PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
2017				
Final dividends for 2016	Annual General Meeting of the shareholders on 22 June 2017	1,988	250	30 June 2017
Total		<u>1,988</u>	<u>250</u>	

During the six-month period ended 30 June 2017, the Company received dividend income at 65 percent for a total of USD 1.3 million or equivalent to Baht 43.7 million. The Company had been withheld the withholding tax deducted at source of Baht 8.7 million.

19. Segment information

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

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

The following tables present revenue and profit information regarding of the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2017 and 2016.

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Revenues from external customers	499	312	1,621	1,259	787	681	-	-	2,907	2,252
Inter-segment revenues	48	48	156	-	-	-	(204)	(48)	-	-
Total revenue	547	360	1,777	1,259	787	681	(204)	(48)	2,907	2,252
Operating results										
Segment gross profit	95	104	813	400	66	67	(53)	(46)	921	525
Other income									7	10
Share of profit from investment in associated company									5	3
Gain (loss) on exchange									(1)	2
Selling and distribution expenses									(420)	(317)
Administrative expenses									(130)	(119)
Finance cost									(18)	(11)
Profit before income tax expenses									364	93
Income tax expenses									(86)	(23)
Non-controlling interests of the subsidiaries									(117)	(20)
Profit for the period									161	50

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues										
Revenues from external customers	968	707	3,183	2,749	1,537	1,331	-	-	5,688	4,787
Inter-segment revenues	88	108	229	-	-	-	(317)	(108)	-	-
Total revenue	<u>1,056</u>	<u>815</u>	<u>3,412</u>	<u>2,749</u>	<u>1,537</u>	<u>1,331</u>	<u>(317)</u>	<u>(108)</u>	<u>5,688</u>	<u>4,787</u>
Operating results										
Segment gross profit	167	227	1,544	895	168	190	(90)	(103)	1,789	1,209
Other income									31	18
Share of profit from investment in associated company									9	9
Gain on exchange									1	32
Selling and distribution expenses									(789)	(688)
Administrative expenses									(259)	(203)
Finance cost									(36)	(23)
Profit before income tax expenses									<u>746</u>	<u>354</u>
Income tax expenses									(205)	(80)
Non-controlling interests of the subsidiaries									(239)	(90)
Profit for the period									<u>302</u>	<u>184</u>

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 30 June 2017 and 31 December 2016.

	(Unit: Million Baht)					
	Domestic coal business	Overseas coal business	Ethanol business	Total Segments	Adjustments and eliminations	Consolidated
Segment assets						
At 30 June 2017	<u>2,628</u>	<u>3,694</u>	<u>3,020</u>	<u>9,342</u>	<u>(933)</u>	<u>8,409</u>
At 31 December 2016	<u>2,532</u>	<u>3,711</u>	<u>3,225</u>	<u>9,468</u>	<u>(937)</u>	<u>8,531</u>

20. Significant contracts and agreements

20.1 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.

20.2 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.

20.3 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.

Subsequently on 29 October 2016, PT. Singlurus Pratama has made the agreement to amend the service fees to the new rates as stipulated in the agreements. This agreement shall be effective retroactively as of 1 August 2016.

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 30 June 2017, the Company and its subsidiaries had capital commitments of Baht 22.8 million, relating to the construction of the Company’s jetty and the subsidiary’s Bio Scrubber, Biogas Burner and efficiency improvement of the machine and equipment project (31 December 2016: Baht 43.4 million).

21.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, vehicles and other services. The terms of the agreements are generally between 1 and 5 years. Future minimum payments under these lease agreements are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
In up to 1 year	29	22	12	11
In over 1 year and up to 5 years	38	31	25	28

21.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
In up to 1 year	9	2	1	1
In over 1 year and up to 5 years	2	2	2	2

- b) The Company and its subsidiaries have commitment under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 6 million (Separate financial statements: Baht 6 million) (31 December 2016: Baht 9 million (Separate financial statements: Baht 9 million)).
- c) The Company had commitment under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreements.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary has commitment under the purchase of molasses agreement with 15-years duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-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.

21.4 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.

21.5 Guarantees

As at 30 June 2017, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million, Rupiah 41,328 million and USD 0.1 million (Separate financial statements: Baht 0.6 million) (31 December 2016: Baht 5 million, Rupiah 34,845 million and USD 0.2 million (Separate financial statements: Baht 0.6 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 coal supply of the overseas subsidiary, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department and to guarantee contractual performance under the license for using of electric to the Provincial Electricity Authority.

22. Litigation

In September 2011, a company sued the 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 Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Subsequently, on 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it to make payments for purchases of cassava chip that the Company 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 Company. However, on 3 December 2014, the Company lodged an appeal with the Court of Appeal. On 9 February 2016, the Appeal Court affirmed the judgment of the Civil Court.

Subsequently, on 7 April 2016, the Company lodged an appeal with the Supreme Court. Presently, the case is under consideration of the Supreme Court. As at 30 June 2017, the Company has not received such payment. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

23. Foreign currency risk

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

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

As at 30 June 2017				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	7.0	2.3	33.8145	34.1483

Foreign exchange contracts outstanding are summarised below.

As at 30 June 2017			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	1.5	33.8650 - 34.3321	July - August 2017

24. Fair value hierarchy

As at 30 June 2017, the Company and its subsidiary had the assets that were measured at fair value using different levels of inputs as follows:

Payable	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Level 2	Total	Level 2	Total
Held for trade investments - equity instruments	304,569	304,569	301,360	301,360

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 August 2017.