

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 30 September 2016, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2016, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2016, 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.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 8 November 2016

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	824,416	660,146	66,704	61,886
Current investments	5	954,715	850,794	951,463	850,015
Trade and other receivables	3, 6	579,532	812,318	166,773	245,174
Inventories	7	527,817	478,145	105,580	96,139
Input tax refundable		685,247	805,779	-	-
Prepaid income tax		129,748	215,407	-	-
Advance payments for goods	8	68,621	598,525	-	-
Other current assets		117,999	47,338	3,387	2,280
Total current assets		3,888,095	4,468,452	1,293,907	1,255,494
Non-current assets					
Restricted bank deposits	4	78,505	78,297	-	-
Investments in subsidiaries	9	-	-	757,038	754,538
Investment in associated company	10	21,024	42,217	891	891
Investment properties		34,726	34,726	34,726	34,726
Property, plant and equipment	11	3,222,850	3,289,371	261,804	262,346
Goodwill		186,000	186,000	-	-
Intangible assets		5,702	4,747	2,802	722
Deferred tax assets		21,870	21,599	18,632	18,226
Other non-current assets	12	567,956	653,756	15,215	24,195
Total non-current assets		4,138,633	4,310,713	1,091,108	1,095,644
Total assets		8,026,728	8,779,165	2,385,015	2,351,138

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	633,473	1,036,964	-	-
Trade and other payables	3, 14	314,639	410,731	36,504	50,121
Current portion of liabilities under finance lease agreements		2,778	1,449	-	-
Current portion of long-term loan from financial institution	15	180,000	180,000	-	-
Accrued expenses		308,303	441,139	7,534	31,004
Income tax payable		8,131	10,027	2,908	7,530
Other current liabilities		83,168	85,476	14,836	23,996
Total current liabilities		1,530,492	2,165,786	61,782	112,651
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		4,614	4,092	-	-
Long-term loan from financial institution - net of current portion	15	207,757	297,757	-	-
Provision for long-term employee benefits		168,496	151,254	26,544	24,517
Provision for mine reclamation and decommissioning costs		117,755	104,475	-	-
Deferred tax liabilities		71,105	74,604	-	-
Total non-current liabilities		569,727	632,182	26,544	24,517
Total liabilities		2,100,219	2,797,968	88,326	137,168

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	30 September 2016 (Unaudited but reviewed)	31 December 2015 (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	746,000	734,900	746,000	734,900
Unappropriated	2,095,519	2,057,902	292,789	221,170
Other components of shareholders' equity	<u>143,852</u>	<u>206,675</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	4,243,271	4,257,377	2,296,689	2,213,970
Non-controlling interests of the subsidiaries	<u>1,683,238</u>	<u>1,723,820</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>5,926,509</u>	<u>5,981,197</u>	<u>2,296,689</u>	<u>2,213,970</u>
Total liabilities and shareholders' equity	<u>8,026,728</u>	<u>8,779,165</u>	<u>2,385,015</u>	<u>2,351,138</u>
	-	-	-	-

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

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Directors
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Lanna Resources Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2016

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) 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 2015. There have been changes in the composition of its subsidiaries from the establishment of new subsidiary during the current period as discussed in Note 9.

1.4 New financial reporting standards

During the period, the Group has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 Group's 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 2015.

3. Related party transactions

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

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	73,915	74,666
Commission and marketing service income	-	-	34,369	33,028
Service income	-	-	8,719	9,968
<u>Transactions with major shareholder</u>				
Sales of coal	292,393	391,769	292,393	391,769
<u>Transactions with associated company</u>				
Purchase of coal	137,389	252,091	137,389	252,091
Freight charge	26,407	48,012	26,407	48,012

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	145,400	173,042
Commission and marketing service income	-	-	121,886	118,191
Service income	-	-	29,465	32,418
<u>Transactions with major shareholder</u>				
Sales of coal	886,001	1,213,161	886,001	1,213,161
<u>Transactions with associated company</u>				
Purchase of coal	590,041	776,763	590,041	776,763
Freight charge	95,954	141,453	95,954	141,453
Dividend income	-	-	34,694	15,892

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

(Unaudited but reviewed)

As at 30 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Major shareholder	97,422	126,631	97,422	126,631
Subsidiaries	-	-	29,962	89,258
Total trade and other receivables - related parties	<u>97,422</u>	<u>126,631</u>	<u>127,384</u>	<u>215,889</u>
<u>Trade and other payables - related party</u>				
(Note 14)				
Subsidiary company	-	-	65	-
Associated company	6,928	7,429	6,928	7,429
Total trade and other payables - related party	<u>6,928</u>	<u>7,429</u>	<u>6,993</u>	<u>7,429</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	23,686	35,217	4,344	11,540
Post-employment benefits	3,455	6,694	253	225
Total	<u>27,141</u>	<u>41,911</u>	<u>4,597</u>	<u>11,765</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	90,902	108,981	21,902	40,529
Post-employment benefits	9,718	28,707	760	674
Total	<u>100,620</u>	<u>137,688</u>	<u>22,662</u>	<u>41,203</u>

Employee Joint Investment Program

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

4. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Cash	194	174	40	40
Bank deposits	852,727	688,269	16,664	11,846
Investments in bill of exchange	50,000	50,000	50,000	50,000
Total	902,921	738,443	66,704	61,886
Less: Restricted bank deposits	(78,505)	(78,297)	-	-
Total	824,416	660,146	66,704	61,886

As at 30 September 2016, bank deposits in savings account, fixed deposits and short-term investments carried interests between 0.1 and 7.8 percent per annum (31 December 2015: between 0.1 and 7.5 percent per annum).

As at 30 September 2016, the overseas subsidiaries have restricted bank deposits of USD 2.3 million or approximately Baht 78.5 million (31 December 2015: USD 2.2 million or approximately Baht 78.3 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 21.5.

5. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Investments in trading securities - fair value	504,715	500,794	501,463	500,015
Fixed deposits	150,000	100,000	150,000	100,000
Investments in bills of exchange	300,000	250,000	300,000	250,000
Total	954,715	850,794	951,463	850,015

(Unaudited but reviewed)

As at 30 September 2016, the Company had current investments in the form of fixed deposits and bills of exchange amounting to Baht 450 million (31 December 2015: Baht 350 million) carried interests between 1.50 and 1.70 percent per annum (31 December 2015: between 2.00 and 2.30 percent per annum) and due for redemption during December 2016 to August 2017.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	97,422	126,631	110,098	144,441
Past due				
Up to 3 months	-	-	8,609	28,971
Over 6 months to 9 months	-	-	-	18,197
Total trade receivables - related parties	97,422	126,631	118,707	191,609
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	461,860	675,925	37,987	26,012
Past due				
Over 12 months	3,893	4,048	-	-
Total trade receivables - unrelated parties	465,753	679,973	37,987	26,012
Total trade receivables	563,175	806,604	156,694	217,621
<u>Other receivables</u>				
Other receivables - related parties	-	-	8,677	24,280
Other receivables - unrelated parties	14,665	2,505	-	66
Advances	242	955	242	955
Interest receivable	1,450	2,254	1,160	2,252
Total other receivables	16,357	5,714	10,079	27,553
Total trade and other receivables	579,532	812,318	166,773	245,174

An overseas subsidiary has pledged its accounts receivable to secure bank guarantees issued by a bank. As at 30 September 2016, the balance of accounts receivable totaling Rupiah 41,800 million or approximately Baht 111.6 million (31 December 2015: Rupiah 37,601 million or approximately Baht 98.4 million) were placed to secure such bank guarantees.

7. Reduction of inventories to net realisable value

Movements in the reduction of inventories to net realisable value during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Balance as at 31 December 2015	-	-
Add: Reduction of inventory value during the period	6,505	-
Less: Translation adjustments	<u>(48)</u>	<u>-</u>
Balance as at 30 September 2016	<u><u>6,457</u></u>	<u><u>-</u></u>

8. Advance payments for goods

Advance payments for goods are mainly from significant business transactions of the local subsidiary with local companies in respect of purchases of molasses and cassava chips under the purchase of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 30 September 2016, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 49.0 million (31 December 2015: Baht 578.1 million).

(Unaudited but reviewed)

9. Investments in subsidiaries

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

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
Local subsidiary								
Lanna Power Generation Company Limited	Baht 2.5 million	-	100.00	-	2,500	-	-	-
Thai Agro Energy Public Co., Ltd.	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	76,500	76,500
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	-	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	68,900	96,542
Total					<u>757,038</u>	<u>754,538</u>	<u>145,400</u>	<u>173,042</u>

Investment in new subsidiary**Lanna Power Generation Company Limited**

On 20 June 2016, the meeting of the Company's Board of Directors passed a resolution to establish Lanna Power Generation Company Limited, a new subsidiary. The subsidiary registered its establishment with the Ministry of Commerce on 7 July 2016 with registered share capital of Baht 10 million (2,000,000 ordinary shares of Baht 5 each), being 25 percent of issued and paid up capital of Baht 2.5 million, in which the Company holds 100 percent interest. On 4 July 2016, the Company paid for share subscription of Baht 2.5 million. The subsidiary is principally engaged in the investment business and power generation and distribution services in domestic and overseas countries. Its registered address is at 888/98 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

(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 September	31 December	30 September	31 December	Carrying amounts based on equity method		Cost		Dividend received for the nine-month periods ended	
			2016	2015	2016	2015	30 September	31 December	30 September	31 December	30 September	30 September
				(%)	(%)	2016	2015	2016	2015	2016	2015	
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	21,024	42,217	891	891	34,694	15,892
Total							21,024	42,217	891	891	34,694	15,892

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and nine-month periods ended 30 September 2016 of approximately Baht 4.3 million and Baht 13.5 million, respectively (2015: Baht 4.4 million and Baht 17.2 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.

(Unaudited but reviewed)

11. Property, plant and equipment

Movements in the property, plant and equipment account for the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2015	3,289,371	262,346
Acquisitions during the period - cost	117,219	7,040
Disposals and write-off during the period - net book value on disposed/written-off date	(12)	(9)
Depreciation for the period	(154,765)	(7,573)
Translation adjustments	(28,963)	-
Net book value as at 30 September 2016	<u>3,222,850</u>	<u>261,804</u>

As at 30 September 2016, a subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 8.9 million (31 December 2015: Baht 5.5 million).

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 30 September 2016 amounting to approximately Baht 1,113.8 million (31 December 2015: Baht 1,143.4 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 September 2016	31 December 2015	30 September 2016	31 December 2015
Deferred expenses - Indonesia				
coal mine project	340,840	402,863	-	-
Deferred stripping costs	194,099	208,192	-	-
Deferred transferred service fees				
according to contract	10,777	19,604	10,777	19,604
Others	22,240	23,097	4,438	4,591
Total other non-current assets	<u>567,956</u>	<u>653,756</u>	<u>15,215</u>	<u>24,195</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 September	31 December
	2016	2015
Promissory notes	242,530	862,957
Trust receipts	390,943	101,977
Short-term loans from financial institution	-	72,030
Total	<u>633,473</u>	<u>1,036,964</u>

As at 30 September 2016, the local subsidiary had short-term loans from financial institutions in form of promissory notes of Baht 242.5 million (31 December 2015: Baht 863.0 million), which bear interests at 2.85 percent per annum (31 December 2015: between 3.10 and 3.30 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 September 2016	31 December 2015	30 September 2016	31 December 2015
Trade payables - related parties	6,928	7,429	6,928	7,429
Trade payables - unrelated parties	257,500	344,133	27,433	40,824
Other payables - related parties	-	-	65	-
Other payables - unrelated parties	50,211	59,169	2,078	1,868
Total trade and other payables	<u>314,639</u>	<u>410,731</u>	<u>36,504</u>	<u>50,121</u>

15. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	30 September 2016	31 December 2015
Long-term loan from financial institution	387,757	477,757
Less: Current portion	(180,000)	(180,000)
Long-term loan from financial institution - net of current portion	<u>207,757</u>	<u>297,757</u>

Movements in the long-term loan from financial institution during the nine-month period ended 30 September 2016 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2015	477,757
Less: Repayment during the period	(90,000)
Balance as at 30 September 2016	<u>387,757</u>

On 6 November 2013, the local subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with an another local bank. Then, on 18 December 2013, the subsidiary withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest rate at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year. The loan is repayable within 5 years in 10 semi-annually installments of Baht 90 million during the first to ninth installment, and remaining balance is repayable in the tenth installment. The repayment period is from June 2014 to December 2018. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 11.

(Unaudited but reviewed)

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 September 2016 and 31 December 2015, 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 nine-month periods ended 30 September 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	36,941	(14,838)	7,793	11,591
Withholding tax deducted at source recognised as expenses during the period	1,719	1,776	1,719	1,776
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,766)	42,784	(135)	(78)
Income tax expense reported in the income statements	<u>35,894</u>	<u>29,722</u>	<u>9,377</u>	<u>13,289</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	111,275	69,684	28,570	34,441
Withholding tax deducted at source recognised as expenses during the period	5,168	7,241	5,168	7,241
Deferred tax:				
Relating to origination and reversal of temporary differences	(880)	79,017	(406)	(231)
Income tax expense reported in the income statements	<u>115,563</u>	<u>155,942</u>	<u>33,332</u>	<u>41,451</u>

(Unaudited but reviewed)

The amount of income tax related to each component of comprehensive income statements for the three-month and nine-month periods ended 30 September 2016 and 2015 are as follow:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial loss	-	-	-	-

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial loss	-	4,877	-	-

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 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to equity holders of the Company (Thousand Baht)	74,231	32,496	105,679	117,877
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.14	0.06	0.20	0.22

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to equity holders of the Company (Thousand Baht)	258,717	224,003	292,719	324,025
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.49	0.43	0.56	0.62

18. Dividend paid

Dividends paid by the Group during the nine-month periods ended 30 September 2016 and 2015 are as follows:

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<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	
<u>2015</u>				
Final dividends for 2014	Annual General Meeting of the shareholders on 27 April 2015	210,000	0.40	15 May 2015
Total		210,000	0.40	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 11.1 million (2015: Baht 7.7 million).

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

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2016</u>				
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
The dividend in respect of operation income from BOI promoted operation for the period from January to June 2016	Board of Director's meeting on 18 August 2016	100,000	0.10	16 September 2016
Total		150,000	0.15	

(Unaudited but reviewed)

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2015				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2014	Annual General Meeting of the shareholders on 20 April 2015	50,000	0.05	20 May 2015
The dividend in respect of operation income from BOI promoted operation for the period from January to June 2015	Board of Director's meeting on 20 August 2015	100,000	0.10	18 September 2015
Total		150,000	0.15	

Overseas subsidiary**PT. Lanna Harita Indonesia**

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
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 13 June 2016	1,200	150	14 June 2016
The first interim dividend for 2016	Board of Directors' meeting on 14 September 2016	1,200	150	15 September 2016
Total		3,600	450	
2015				
The second interim dividend for 2014	Board of Directors' meeting on 10 March 2015	1,600	200	19 March 2015
Final dividends for 2014	Annual General Meeting of the shareholders on 10 June 2015	2,400	300	18 June 2015
The first interim dividend for 2015	Board of Director's meeting on 14 September 2015	1,200	150	15 September 2015
Total		5,200	650	

During the nine-month period ended 30 September 2016, the Company received dividend income at 55 percent for a total of USD 2.0 million or equivalent to Baht 68.9 million. The Company had been withheld the withholding tax deducted at source of Baht 5.2 million (2015: dividend income at 55 percent for a total of USD 2.9 million or equivalent to Baht 96.5 million. The Company had been withheld the withholding tax deducted at source of Baht 7.2 million).

(Unaudited but reviewed)

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 access 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 nine-month periods ended 30 September 2016 and 2015.

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues										
Revenues from external customers	363	465	1,154	1,038	585	639	-	-	2,102	2,142
Inter-segment revenues	43	43	-	106	-	-	(43)	(149)	-	-
Total revenue	406	508	1,154	1,144	585	639	(43)	(149)	2,102	2,142
Operating results										
Segment gross profit	101	111	401	393	61	63	(41)	(40)	522	527
Other income									9	7
Share of profit from investment in associated company									4	4
Gain (loss) on exchange									11	(87)
Selling and distribution expenses									(294)	(291)
Administrative expenses									(96)	(87)
Finance cost									(9)	(13)
Profit before income tax expenses									147	60
Income tax expenses									(36)	(30)
Non-controlling interests of the subsidiaries									(37)	2
Profit for the period									74	32

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues										
Revenues from external customers	1,070	1,416	3,903	4,201	1,916	2,001	-	-	6,889	7,618
Inter-segment revenues	151	151	-	106	-	-	(151)	(257)	-	-
Total revenue	<u>1,221</u>	<u>1,567</u>	<u>3,903</u>	<u>4,307</u>	<u>1,916</u>	<u>2,001</u>	<u>(151)</u>	<u>(257)</u>	<u>6,889</u>	<u>7,618</u>
Operating results										
Segment gross profit	328	364	1,296	1,577	251	304	(144)	(143)	1,731	2,102
Other income									27	24
Share of profit from investment in associated company									13	17
Gain (loss) on exchange									43	(132)
Selling and distribution expenses									(982)	(1,119)
Administrative expenses									(299)	(358)
Finance cost									(32)	(48)
Profit before income tax expenses									501	486
Income tax expenses									(116)	(156)
Non-controlling interests of the subsidiaries									(127)	(106)
Profit for the period									<u>258</u>	<u>224</u>

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 30 September 2016 and 31 December 2015.

	(Unit: Million Baht)					
	Domestic coal business	Overseas coal business	Ethanol business	Total Segments	Adjustments and eliminations	Consolidated
Segment assets						
At 30 September 2016	<u>2,573</u>	<u>3,433</u>	<u>2,799</u>	<u>8,805</u>	<u>(778)</u>	<u>8,027</u>
At 31 December 2015	<u>2,537</u>	<u>3,817</u>	<u>3,241</u>	<u>9,595</u>	<u>(816)</u>	<u>8,779</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 September 2016, the Company and two subsidiaries had capital commitments of Baht 15.5 million, relating to the construction of the Company’s jetty and the subsidiary’s the Biogas Burner and USD 12.3 million relating to the acquisitions of the subsidiary’s hauling road and special terminal for transportation of coals (31 December 2015: Baht 33.3 million and USD 12.3 million, respectively).

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 September 2016	31 December 2015	30 September 2016	31 December 2015
Less than 1 year	19	26	7	9
In over 1 year and up to 5 years	21	9	17	3

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 September 2016	31 December 2015	30 September 2016	31 December 2015
Less than 1 year	3	2	1	-
In over 1 year and up to 5 years	2	-	2	-

- b) The Company and its subsidiaries have commitments under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 1.5 million (Separate financial statements: Baht 1.3 million) (31 December 2015: Baht 1.4 million (Separate financial statements: Baht 0.9 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-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-year duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.

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 September 2016, the Company and its subsidiaries had bank guarantees of approximately Baht 5.7 million, Rupiah 34,845 million and USD 0.2 million (Separate financial statements: Baht 0.6 million) (31 December 2015: Baht 5.7 million, Rupiah 28,175 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 subsidiary 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. However, on 3 December 2014, the subsidiary lodged an appeal with the Appeal Court. On 9 February 2016, the Appeal Court affirmed the judgment of the Civil Court.

On 7 April 2016, the subsidiary lodged an appeal with the Supreme Court. Presently, the case is in under consideration of the Supreme Court. As at 30 September 2016, the subsidiary has not received such payment; therefore, the subsidiary has not recorded in its account.

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 September 2016				
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	1.0	0.2	34.5243	34.8755

As at 31 December 2015				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	2.5	0.2	35.9233	36.2538

Foreign exchange contracts outstanding at 30 September 2016 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	1	34.7480 - 34.8540	31 October - 15 November 2016

24. Fair value hierarchy

As at 30 September 2016, the Company and its subsidiary had the assets that were measured at fair value using different levels of inputs as follows:

Payable	Consolidated financial statements		Separate financial statements	
	Level 2	Total	Level 2	Total
	(Unit: Thousand Baht)			
Held for trade investments - equity instruments	504,715	504,715	501,463	501,463

25. Event after the reporting period

On 17 October 2016, the meeting of the Company's Board of Directors passed a resolution approving the payment of an interim dividend on the profit from January to June 2016 of Baht 0.35 per share or a total of Baht 183.7 million, which will be paid on 16 November 2016. The dividend will be recorded in the fourth quarter of the current year.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 8 November 2016.