

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



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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 2017, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2017, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 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: 14 November 2017

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
		2017	2016	2017	2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	1,245,334	698,170	155,156	82,502
Current investments	5	954,645	632,806	952,982	629,525
Trade and other receivables	3, 6	1,007,053	616,555	268,236	203,026
Inventories	7	464,743	460,386	127,508	228,408
Input tax refundable		463,329	805,567	-	9,102
Prepaid income tax		22,182	131,525	3,740	-
Advance payments for goods	3, 8	69,973	585,797	76,699	89,147
Other current assets		39,042	35,024	4,851	1,984
Total current assets		4,266,301	3,965,830	1,589,172	1,243,694
Non-current assets					
Restricted bank deposits	4	88,423	78,609	-	-
Investments in subsidiaries	9	-	-	757,038	757,038
Investment in associated company	10	21,603	25,221	891	891
Investment properties		32,422	32,422	32,422	32,422
Property, plant and equipment	11	3,542,229	3,635,876	297,479	274,597
Goodwill		185,999	185,999	-	-
Intangible assets		5,317	5,109	3,299	2,588
Deferred tax assets		22,892	22,011	19,140	18,796
Other non-current assets	12	461,625	579,425	3,739	13,214
Total non-current assets		4,360,510	4,564,672	1,114,008	1,099,546
Total assets		8,626,811	8,530,502	2,703,180	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 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	692,350	1,031,550	-	-
Trade and other payables	3, 14	448,110	481,386	117,909	136,407
Current portion of liabilities under finance lease agreements		3,291	2,805	-	-
Current portion of long-term loan from financial institution	15	180,000	180,000	-	-
Accrued expenses		288,785	151,378	11,161	12,525
Income tax payable		246,727	25,405	-	91
Other current liabilities		165,050	122,790	9,993	9,525
Total current liabilities		2,024,313	1,995,314	139,063	158,548
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		3,307	3,957	-	-
Long-term loan from financial institution - net of current portion	15	27,757	117,757	-	-
Provision for long-term employee benefits		186,167	186,709	29,084	27,220
Provision for mine reclamation and decommissioning costs		75,954	110,389	-	-
Deferred tax liabilities		44,618	51,396	-	-
Other non-current liabilities		200,476	258,620	-	-
Total non-current liabilities		538,279	728,828	29,084	27,220
Total liabilities		2,562,592	2,724,142	168,147	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)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 September 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	2,318,316	1,920,661	529,833	153,572
Other components of shareholders' equity	83,583	193,990	-	-
Equity attributable to owners of the Company	4,407,099	4,118,551	2,535,033	2,157,472
Non-controlling interests of the subsidiaries	1,657,120	1,687,809	-	-
Total shareholders' equity	6,064,219	5,806,360	2,535,033	2,157,472
Total liabilities and shareholders' equity	8,626,811	8,530,502	2,703,180	2,343,240

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

Directors

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the three-month period ended 30 September 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	3,136,404	2,101,937	545,667	363,537
Commission and marketing service income	3	-	-	44,419	34,369
Other income					
Dividend income	3, 9, 10	-	-	218,518	73,915
Service income	3	-	-	12,789	8,719
Gain on exchange		-	10,851	-	589
Interest income		5,534	5,944	1,986	2,055
Others		2,763	3,218	1,370	1,485
Total other income		8,297	20,013	234,663	86,763
Total revenues		3,144,701	2,121,950	824,749	484,669
Expenses					
Cost of sales	3	1,957,150	1,580,265	463,223	306,013
Selling and distribution expenses		485,671	293,456	45,696	39,472
Administrative expenses		114,088	95,857	30,155	24,128
Loss on exchange		6,540	-	899	-
Total expenses		2,563,449	1,969,578	539,973	369,613
Profit before share of profit from investment in associated company, finance cost and income tax expenses					
		581,252	152,372	284,776	115,056
Share of profit from investment in associated company	10	4,023	4,276	-	-
Profit before finance cost and income tax expenses		585,275	156,648	284,776	115,056
Finance cost		(14,920)	(9,364)	-	-
Profit before income tax expenses		570,355	147,284	284,776	115,056
Income tax expenses	16	(161,081)	(35,894)	(26,567)	(9,377)
Profit for the period		409,274	111,390	258,209	105,679
Profit attributable to:					
Equity holders of the Company		249,588	74,231	258,209	105,679
Non-controlling interests of the subsidiaries		159,686	37,159	-	-
		409,274	111,390		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	17	0.48	0.14	0.49	0.20

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 September 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>409,274</u>	<u>111,390</u>	<u>258,209</u>	<u>105,679</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>(45,083)</u>	<u>(34,510)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(45,083)</u>	<u>(34,510)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(45,083)</u>	<u>(34,510)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>364,191</u>	<u>76,880</u>	<u>258,209</u>	<u>105,679</u>
Total comprehensive income attributable to:				
Equity holders of the Company	221,558	52,610	<u>258,209</u>	<u>105,679</u>
Non-controlling interests of the subsidiaries	<u>142,633</u>	<u>24,270</u>		
	<u>364,191</u>	<u>76,880</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 nine-month period ended 30 September 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	8,823,960	6,889,077	1,513,215	1,070,135
Commission and marketing service income	3	-	-	114,673	121,886
Other income					
Dividend income	3, 9, 10	-	-	475,935	180,094
Service income	3	-	-	30,606	29,465
Gain on exchange		-	43,189	-	-
Interest income		15,422	16,788	7,065	6,494
Others		23,760	10,110	14,295	6,236
Total other income		39,182	70,087	527,901	222,289
Total revenues		8,863,142	6,959,164	2,155,789	1,414,310
Expenses					
Cost of sales	3	5,855,546	5,158,349	1,351,288	893,781
Selling and distribution expenses		1,274,718	981,986	130,099	115,289
Administrative expenses		372,756	298,575	86,041	78,705
Loss on exchange		5,758	-	5,448	484
Total expenses		7,508,778	6,438,910	1,572,876	1,088,259
Profit before share of profit from investment in associated company, finance cost and income tax expenses					
		1,354,364	520,254	582,913	326,051
Share of profit from investment in associated company					
	10	12,683	13,501	-	-
Profit before finance cost and income tax expenses		1,367,047	533,755	582,913	326,051
Finance cost		(50,668)	(32,527)	-	-
Profit before income tax expenses		1,316,379	501,228	582,913	326,051
Income tax expenses	16	(366,497)	(115,563)	(53,102)	(33,332)
Profit for the period		949,882	385,665	529,811	292,719
Profit attributable to:					
Equity holders of the Company		551,205	258,717	529,811	292,719
Non-controlling interests of the subsidiaries		398,677	126,948		
		949,882	385,665		
Basic earnings per share					
	17				
Profit attributable to equity holders of the Company (Baht)		1.05	0.49	1.01	0.56

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 nine-month period ended 30 September 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>949,882</u>	<u>385,665</u>	<u>529,811</u>	<u>292,719</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>(176,953)</u>	<u>(100,480)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(176,953)</u>	<u>(100,480)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(176,953)</u>	<u>(100,480)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>772,929</u>	<u>285,185</u>	<u>529,811</u>	<u>292,719</u>
Total comprehensive income attributable to:				
Equity holders of the Company	440,798	195,894	<u>529,811</u>	<u>292,719</u>
Non-controlling interests of the subsidiaries	<u>332,131</u>	<u>89,291</u>		
	<u>772,929</u>	<u>285,185</u>		

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

Lanna Resources Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)
 For the nine-month period ended 30 September 2017

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings			Total		
			Statutory reserve	Appropriated General reserve	Unappropriated			
Balance as at 1 January 2016	525,000	680,400	52,500	734,900	221,170	2,213,970		
Profit for the period	-	-	-	-	292,719	292,719		
Other comprehensive income for the period	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	292,719	292,719		
Dividend paid	-	-	-	-	(210,000)	(210,000)		
Unappropriated retained earnings transferred to general reserve	-	-	-	11,100	(11,100)	-		
Balance as at 30 September 2016	525,000	680,400	52,500	746,000	292,789	2,296,689		
Balance as at 1 January 2017	525,000	680,400	52,500	746,000	153,572	2,157,472		
Profit for the period	-	-	-	-	529,811	529,811		
Other comprehensive income for the period	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	529,811	529,811		
Dividend paid	-	-	-	-	(152,250)	(152,250)		
Unappropriated retained earnings transferred to general reserve	-	-	-	1,300	(1,300)	-		
Balance as at 30 September 2017	525,000	680,400	52,500	747,300	529,833	2,535,033		

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 nine-month period ended 30 September 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 operating activities				
Profit before tax	1,316,379	501,228	582,913	326,051
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	544,750	382,074	18,267	16,865
Reduction of inventories to net realisable value (reversal)	(3,867)	6,505	-	-
Gain on disposals and change in value of investments in trading securities	(3,317)	(4,632)	(3,233)	(4,459)
Share of profit from investment in associated company	(12,683)	(13,501)	-	-
Write-off of input tax refundable and prepaid income tax	43,228	41,101	-	-
Loss on write-off of equipment	536	2	-	-
Gain on disposals of equipment	(446)	(1,816)	(4)	(1,294)
Write-back of dividend payable	(4,164)	-	(4,164)	-
Dividend income	-	-	(475,935)	(180,094)
Write-off of deferred stripping costs	254	-	-	-
Provision for long-term employee benefits	24,927	25,241	1,864	2,027
Provision for mine reclamation and decommissioning costs	1,048	19,240	-	-
Unrealised loss (gain) on exchange	(20,274)	(39,633)	5,230	383
Interest income	(15,422)	(16,788)	(7,065)	(6,494)
Interest expenses	49,985	29,883	-	-
Profit from operating activities before changes in operating assets and liabilities	1,920,934	928,904	117,873	152,985
Operating assets (increase) decrease				
Trade and other receivables	(390,507)	231,982	(65,091)	77,166
Inventories	(335)	(56,129)	100,900	(9,441)
Input tax refundable	291,942	120,529	9,102	-
Advance payments for goods	515,824	529,904	6,932	-
Other current assets	(4,018)	(70,712)	(2,867)	(1,158)
Operating liabilities increase (decrease)				
Trade and other payables	(8,995)	(95,664)	(21,282)	(13,528)
Accrued expenses	137,724	(121,450)	(1,364)	(11,679)
Other current liabilities	37,788	(6,723)	381	(13,575)
Cash paid for long-term employee benefits	(13,446)	(22,936)	-	(11,791)
Cash paid for mine reclamation	(20,550)	(8,638)	-	-
Cash from operating activities	2,466,361	1,429,067	144,584	168,979
Interest income	15,431	17,592	7,114	7,586
Cash paid for interest expenses	(26,667)	(28,647)	-	-
Refund of income tax	81,203	56,736	-	-
Cash paid for income tax	(144,808)	(117,334)	(53,026)	(33,945)
Net cash from operating activities	2,391,520	1,357,414	98,672	142,620

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 nine-month period ended 30 September 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				
Increase in current investments	(318,522)	(99,289)	(320,224)	(96,989)
Increase in restricted bank deposits	(15,216)	(3,220)	-	-
Dividend received from subsidiaries and associated company	16,301	34,694	475,935	180,094
Increase in investments in subsidiary	-	-	-	(2,500)
Proceed from disposals of equipment	1,009	1,826	8	1,303
Acquisitions of property, plant and equipment	(204,532)	(114,377)	(29,216)	(7,322)
Acquisitions of computer software	(1,557)	(2,723)	(1,385)	(2,545)
Decrease (increase) in other non-current assets	(272,663)	(163,996)	(10)	153
Net cash from (used in) investing activities	<u>(795,180)</u>	<u>(347,085)</u>	<u>125,108</u>	<u>72,194</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(339,200)	(403,491)	-	-
Cash paid for liabilities under finance lease agreements	(2,485)	(1,984)	-	-
Repayment of assets under capital lease	(53,271)	-	-	-
Repayment of long-term loan from financial institution	(90,000)	(90,000)	-	-
Dividend paid	(515,070)	(339,873)	(152,250)	(210,000)
Decrease in non-controlling interests of the subsidiaries	(66,546)	(37,657)	-	-
Net cash used in financing activities	<u>(1,066,572)</u>	<u>(873,005)</u>	<u>(152,250)</u>	<u>(210,000)</u>
Increase in translation adjustments	<u>16,272</u>	<u>26,942</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	546,040	164,266	71,530	4,814
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	1,124	4	1,124	4
Cash and cash equivalents at end of period (Note 4)	<u>1,245,334</u>	<u>824,416</u>	<u>155,156</u>	<u>66,704</u>

Supplemental cash flows information:

Non-cash transactions from investing activities

Decrease in payables from purchases of plant, equipment and intangible assets	(24,580)	(621)	(1,778)	(282)
Decrease in property, plant and equipment from decommissioning costs	(10,993)	-	-	-
Acquisitions of equipment under finance lease agreements	1,995	3,447	-	-

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 nine-month periods ended 30 September 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

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

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.

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

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	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	-	-	44,419	34,369
Dividend income	-	-	202,217	73,915
Service income	-	-	12,789	8,719
Purchase of coal	-	-	144,079	-
<u>Transactions with major shareholder</u>				
Sales of coal	424,658	292,393	424,658	292,393
<u>Transactions with associated company</u>				
Dividend income	-	-	16,301	-
Purchase of coal	149,601	137,389	149,601	137,389
Freight charge	44,237	26,407	44,237	26,407

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	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	-	-	114,673	121,886
Dividend income	-	-	459,634	145,400
Service income	-	-	30,606	29,465
Interest income	-	-	1,654	-
Purchase of coal	-	-	373,167	-
<u>Transactions with major shareholder</u>				
Sales of coal	1,194,432	886,001	1,194,432	886,001
<u>Transactions with associated company</u>				
Dividend income	-	-	16,301	34,694
Purchase of coal	564,978	590,041	564,978	590,041
Freight charge	118,281	95,954	118,281	95,954

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

As at 30 September 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 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Major shareholder	151,053	145,436	151,053	145,436
Subsidiary companies	-	-	29,406	10,329
Total trade and other receivables - related parties	<u>151,053</u>	<u>145,436</u>	<u>180,459</u>	<u>155,765</u>
<u>Advance payments for goods - related parties</u>				
(Note 8)				
Subsidiary company	-	-	74,625	89,147
Associated company	2,074	-	2,074	-
Total advance payment for goods - related parties	<u>2,074</u>	<u>-</u>	<u>76,699</u>	<u>89,147</u>
<u>Trade and other payables - related parties</u>				
(Note 14)				
Subsidiary companies	-	-	78,675	94,283
Associated company	575	7,643	575	7,643
Total trade and other payables - related parties	<u>575</u>	<u>7,643</u>	<u>79,250</u>	<u>101,926</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	33,646	23,686	5,884	4,344
Post-employment benefits	6,113	3,455	268	253
Total	39,759	27,141	6,152	4,597

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	100,514	90,902	22,735	21,902
Post-employment benefits	16,424	9,718	806	760
Total	116,938	100,620	23,541	22,662

4. Cash and cash equivalents/Restricted bank deposits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Cash	193	178	40	40
Bank deposits	868,514	726,601	155,116	32,462
Investments in bills of exchange	465,050	50,000	-	50,000
Total	1,333,757	776,779	155,156	82,502
Less: Restricted bank deposits	(88,423)	(78,609)	-	-
Total	1,245,334	698,170	155,156	82,502

As at 30 September 2017, bank deposits in savings accounts, fixed deposits and investments in bills of exchange carried interests between 0.10 and 7.00 percent per annum (31 December 2016: between 0.10 and 7.50 percent per annum).

As at 30 September 2017, the overseas subsidiaries have restricted bank deposits of USD 2.7 million or approximately Baht 88.4 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.

5. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Investments in trading securities - fair value	624,645	232,806	622,982	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	954,645	632,806	952,982	629,525

As at 30 September 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 1.5 and 1.7 percent per annum (31 December 2016: between 1.5 and 1.7 percent per annum) and due for redemption during December 2017 to May 2018.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	151,053	145,436	166,952	151,170
Past due				
Up to 3 months	-	-	6,233	2,389
Total trade receivables - related parties	151,053	145,436	173,185	153,559
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	849,644	457,482	85,244	45,063
Past due				
Up to 3 months	-	72	-	72
Over 3 months to 6 months	-	72	-	72
Total trade receivables - unrelated parties	849,644	457,626	85,244	45,207
Less: Allowance for doubtful debt	-	(144)	-	(144)
Total trade receivable - unrelated parties, net	849,644	457,482	85,244	45,063
Total trade receivables, net	1,000,697	602,918	258,429	198,622
<u>Other receivables</u>				
Other receivables - related parties	-	-	7,274	2,206
Other receivables - unrelated parties	3,847	11,390	111	2
Advances	687	416	687	412
Interest receivable - unrelated parties	1,822	1,831	1,735	1,784
Total other receivables	6,356	13,637	9,807	4,404
Total trade and other receivables, net	1,007,053	616,555	268,236	203,026

An overseas subsidiary has pledged its accounts receivable to secure bank guarantees issued by bank. As at 30 September 2017, the balance of accounts receivable totaling Rupiah 90,000 million or approximately Baht 222.6 million (31 December 2016: Rupiah 19,210 million or approximately Baht 51.2 million) were placed to secure such credit facilities.

(Unaudited but reviewed)

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 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 September 2017	-	-

8. Advance payments for goods

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Advance payments for goods - related parties	2,074	-	76,699	89,147
Advance payments for goods - unrelated parties	67,899	585,797	-	-
Total advance payments for goods	69,973	585,797	76,699	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 September 2017, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 49.0 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:

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the nine-month periods ended	
	30 September 2017	31 December 2016	30 September 2017 (%)	31 December 2016 (%)	30 September 2017	31 December 2016	30 September 2017	30 September 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	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	86,299	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	296,835	68,900
Total					757,038	757,038	459,634	145,400

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 2017		31 December 2016		30 September 2017		31 December 2016		Carrying amounts based on equity method		Cost		Dividend received for the nine-month periods ended	
			September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 2016	September 2017	December 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 (%)	21,603	25,221	891	891	25,221	891	16,301	34,694		
Total							21,603	25,221	891	891	25,221	891	16,301	34,694		

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and nine-month periods ended 30 September 2017 of approximately Baht 4.0 million and Baht 12.7 million, respectively (2016: Baht 4.3 million and Baht 13.5 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 nine-month period ended 30 September 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	183,227	30,994
Disposals and write-off during the period - net book value on disposed/written-off date	(12,092)	(4)
Depreciation for the period	(192,088)	(8,108)
Translation adjustments	(72,694)	-
Net book value as at 30 September 2017	<u>3,542,229</u>	<u>297,479</u>

As at 30 September 2017, a subsidiary has motor vehicles and office equipment under finance lease agreements with net book values amounting to Baht 8.3 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 September 2017 amounting to approximately Baht 1,121.3 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 September 2017	31 December 2016	30 September 2017	31 December 2016
Deferred expenses - Indonesia coal mine project	320,555	344,670	-	-
Deferred stripping costs	120,124	162,584	-	-
Deferred transferred service fees according to contract	-	9,485	-	9,485
Others	20,946	62,686	3,739	3,729
Total other non-current assets	<u>461,625</u>	<u>579,425</u>	<u>3,739</u>	<u>13,214</u>
Amortisation expenses for the period	<u>351,346</u>	<u>364,657</u>	<u>9,485</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. In September 2017, the Company had amortised the whole amount of such fee.

13. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	<u>Interest rate (percent per annum)</u>		<u>Consolidated financial statements</u>	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Promissory notes	2.85 - 3.00	2.85 - 3.10	389,809	757,266
Trust receipts	2.85	2.85	302,541	229,371
Short-term loans from financial institution	-	3.08	-	44,913
Total			<u>692,350</u>	<u>1,031,550</u>

Credit facilities from a financial institution are secured by the mortgage of part of the subsidiary company'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	31 December	30 September	31 December
	2017	2016	2017	2016
Trade payables - related parties	575	7,643	79,250	101,926
Trade payables - unrelated parties	392,464	392,622	35,183	32,941
Other payables - unrelated parties	55,071	81,121	3,476	1,540
Total trade and other payables	448,110	481,386	117,909	136,407

15. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	30 September	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 nine-month period ended 30 September 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 September 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 September 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 nine-month periods ended 30 September 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	142,552	36,941	10,024	7,793
Withholding tax deducted at source recognised as expenses during the period	16,667	1,719	16,667	1,719
Deferred tax:				
Relating to origination and reversal of temporary differences	1,862	(2,766)	(124)	(135)
Income tax expense reported in the income statements	<u>161,081</u>	<u>35,894</u>	<u>26,567</u>	<u>9,377</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	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	330,603	111,275	13,248	28,570
Withholding tax deducted at source recognised as expenses during the period	40,198	5,168	40,198	5,168
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,304)	(880)	(344)	(406)
Income tax expense reported in the income statements	<u>366,497</u>	<u>115,563</u>	<u>53,102</u>	<u>33,332</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 September			
	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)	249,588	74,231	258,209	105,679
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.48	0.14	0.49	0.20

	For the nine-month periods ended 30 September			
	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)	551,205	258,717	529,811	292,719
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	1.05	0.49	1.01	0.56

18. Dividend paid

Dividends paid by the Group during the nine-month periods ended 30 September 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 1 July 2016 to 31 December 2016	Annual General Meeting of the shareholders on 24 April 2017	50,000	0.05	23 May 2017
The dividend in respect of operation income from BOI promoted operation for the period from 1 January 2017 to 30 June 2017	Board of Directors' meeting on 17 August 2017	100,000	0.10	15 September 2017
Total		150,000	0.15	

(Unaudited but reviewed)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)	<u>Paid on</u>
<u>2016</u>				
The dividend in respect of operation income from BOI promoted operation for the period from 1 July 2015 to 31 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 1 January 2016 to 30 June 2016	Board of Directors' meeting on 18 August 2016	100,000	0.10	16 September 2016
Total		<u>150,000</u>	<u>0.15</u>	

Overseas subsidiaries**PT. Lanna Harita Indonesia**

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand US Dollar)	<u>Dividend per share</u> (US Dollar)	<u>Paid on</u>
<u>2017</u>				
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
The first interim dividend for 2017	Board of Directors' meeting on 18 September 2017	6,000	750	18 September 2017
Total		<u>16,000</u>	<u>2,000</u>	
<u>2016</u>				
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		<u>3,600</u>	<u>450</u>	

(Unaudited but reviewed)

During the nine-month period ended 30 September 2017, the Company received dividend income at 55 percent for a total of USD 8.8 million or equivalent to Baht 296.8 million. The Company had been withheld the withholding tax deducted at source of Baht 22.3 million (2016: 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).

PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand US Dollar)	<u>Dividend per share</u> (US Dollar)	<u>Paid on</u>
<u>2017</u>				
Final dividends for 2016	Annual General Meeting of the shareholders on 22 June 2017	1,988	250	30 June 2017
The first interim dividend for 2017	Board of Directors' meeting on 22 September 2017	1,988	250	26 September 2017
Total		<u>3,976</u>	<u>500</u>	

During the nine-month period ended 30 September 2017, the Company received dividend income at 65 percent for a total of USD 2.6 million or equivalent to Baht 86.3 million. The Company had been withheld the withholding tax deducted at source of Baht 17.3 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 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 2017 and 2016.

(Unit: Million Baht)

	For the three-month periods ended 30 September						Elimination of		Total
	Domestic coal business		Overseas coal business		Ethanol business		inter-segment transactions		
	2017	2016	2017	2016	2017	2016	2017	2016	
Revenues									
Revenues from external customers	545	363	1,905	1,154	686	585	-	-	3,136
Inter-segment revenues	57	43	144	-	-	-	(201)	(43)	-
Total revenue	602	406	2,049	1,154	686	585	(201)	(43)	3,136
Operating results									
Segment gross profit	140	101	1,021	401	76	61	(57)	(41)	1,180
Other income									8
Share of profit from investment in associated company									4
Gain (loss) on exchange									(7)
Selling and distribution expenses									(486)
Administrative expenses									(114)
Finance cost									(15)
Profit before income tax expenses									570
Income tax expenses									(161)
Non-controlling interests of the subsidiaries									(160)
Profit for the period									249

(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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues														
Revenues from external customers	1,513	1,070	5,088	3,903	2,223	1,916	-	-	-	-	8,824	6,889		
Inter-segment revenues	145	151	373	-	-	-	(518)	(151)						
Total revenue	1,658	1,221	5,461	3,903	2,223	1,916	(518)	(151)	8,824	6,889				
Operating results														
Segment gross profit	307	328	2,565	1,296	244	251	(147)	(144)	2,969	1,731				
Other income									39	27				
Share of profit from investment in associated company									13	13				
Gain (loss) on exchange									(6)	43				
Selling and distribution expenses									(1,275)	(982)				
Administrative expenses									(373)	(299)				
Finance cost									(51)	(32)				
Profit before income tax expenses									1,316	501				
Income tax expenses									(366)	(116)				
Non-controlling interests of the subsidiaries									(399)	(127)				
Profit for the period									551	258				

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

	Domestic coal business			Overseas coal business			Ethanol business			Total Segments			Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment assets																
At 30 September 2017	2,890	2,890	3,900	3,900	2,775	2,775	9,565	(938)	8,627							
At 31 December 2016	2,532	2,532	3,711	3,711	3,225	3,225	9,468	(937)	8,531							

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 2017, the Company and its subsidiaries had capital commitments of Baht 15.9 million, relating to the construction of the Company’s jetty and the subsidiary’s Biogas Burner and Vinasse Evaporation Reservoirs (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 September 2017	31 December 2016	30 September 2017	31 December 2016
In up to 1 year	28	22	12	11
In over 1 year and up to 5 years	35	31	22	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 September 2017	31 December 2016	30 September 2017	31 December 2016
In up to 1 year	4	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 4 million (Separate financial statements: Baht 4 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 September 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 0.9 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, guarantee for contractual performance under the license for using of electric to the Provincial Electricity Authority and guarantee for purchasing of petroleum product.

22. Litigation

In September 2011, a company sued the subsidiary company for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the subsidiary 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 subsidiary 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 subsidiary company. However, on 3 December 2014, the subsidiary 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 subsidiary company lodged an appeal with the Supreme Court. Presently, the case is under consideration of the Supreme Court. As at 30 September 2017, the subsidiary company has not received such payment. However, the subsidiary 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 September 2017				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate	
			Buying rate	Selling rate
US dollar	7.5	2.4	33.2043	33.5324

Foreign exchange contracts outstanding are summarised below.

As at 30 September 2017			
Foreign currency	Bought amount (Million)	Contractual exchange rate for amount bought	Contractual Maturity date

24. Fair value hierarchy

As at 30 September 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 - debt instruments	624,645	624,645	622,982	622,982

25. Event after the reporting period

- 25.1 In October 2017, Suphanburi was inundated by flash floods, which caused the collapse of a part of the vinasse reservoirs at the subsidiary company's ethanol plant, resulting in overflows of treated vinasse into a village and some related agricultural areas. The subsidiary company therefore had to pay compensation to persons suffering from property damage and to shut down its ethanol plant temporarily as ordered by the Ministry of Industry in order to repair the damaged reservoirs to a safe level. It is expected that the subsidiary company will be able to carry out the orders and be considered for the production permission by the end of November 2017. The subsidiary company is currently in the process of estimating the losses it incurred as a result of the flooding. However, the subsidiary company has insurance covering the damages on which it is in the process of claiming compensation from the insurance company.
- 25.2 On 16 October 2017, the meeting of the Company's Board of Directors passed the following resolutions.
- a) Approved the payment of an interim dividend on the profit from January to June 2017 of Baht 0.40 per share or a total of Baht 210.0 million, which will be paid on 15 November 2017. The dividend will be recorded in the fourth quarter of the current year.
 - b) Approved the additional payment for the investment in Lanna Power Generation Co., Ltd. of Baht 7.5 million (1,999,997 ordinary shares of Baht 3.75 each) in order to fully pay up the registered share capital.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 14 November 2017.