

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month period ended 31 March 2017

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 31 March 2017, the related consolidated statements of income and comprehensive income, and the related consolidated statements of changes in shareholders' equity and cash flows for the three-month period then ended, 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: 12 May 2017

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents	4	884,852	698,170	92,675	82,502
Current investments	5	670,301	632,806	667,008	629,525
Trade and other receivables	3, 6	941,595	616,555	228,155	203,026
Inventories		820,309	460,386	173,249	228,408
Input tax refundable		510,517	805,567	-	9,102
Prepaid income tax		114,196	131,525	2,420	-
Advance payments for goods	3, 7	221,052	585,797	93,328	89,147
Other current assets		43,350	35,024	2,063	1,984
Total current assets		4,206,172	3,965,830	1,258,898	1,243,694
Non-current assets					
Restricted bank deposits	4	121,308	78,609	-	-
Investments in subsidiaries	8	-	-	757,038	757,038
Investment in associated company	9	28,736	25,221	891	891
Investment properties		32,422	32,422	32,422	32,422
Property, plant and equipment	10	3,565,343	3,635,876	280,955	274,597
Goodwill		185,999	185,999	-	-
Intangible assets		4,609	5,109	2,405	2,588
Deferred tax assets		22,486	22,011	18,920	18,796
Other non-current assets	11	527,485	579,425	11,316	13,214
Total non-current assets		4,488,388	4,564,672	1,103,947	1,099,546
Total assets		8,694,560	8,530,502	2,362,845	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	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	12	905,925	1,031,550	-	-
Trade and other payables	3, 13	466,341	481,386	43,708	136,407
Current portion of liabilities under finance lease agreements		3,172	2,805	-	-
Current portion of long-term loan from financial institution	14	180,000	180,000	-	-
Accrued expenses		357,190	151,378	4,371	12,525
Income tax payable		99,687	25,405	91	91
Other current liabilities		135,748	122,790	10,869	9,525
Total current liabilities		2,148,063	1,995,314	59,039	158,548
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		4,596	3,957	-	-
Long-term loan from financial institution - net of current portion	14	117,757	117,757	-	-
Provision for long-term employee benefits		188,635	186,709	27,841	27,220
Provision for mine reclamation and decommissioning costs		74,233	110,389	-	-
Deferred tax liabilities		47,289	51,396	-	-
Other non-current liabilities		234,936	258,620	-	-
Total non-current liabilities		667,446	728,828	27,841	27,220
Total liabilities		2,815,509	2,724,142	86,880	185,768

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 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	746,000	746,000	746,000	746,000
Unappropriated	2,061,058	1,920,661	272,065	153,572
Other components of shareholders' equity	133,358	193,990	-	-
Equity attributable to owners of the Company	4,198,316	4,118,551	2,275,965	2,157,472
Non-controlling interests of the subsidiaries	1,680,735	1,687,809	-	-
Total shareholders' equity	5,879,051	5,806,360	2,275,965	2,157,472
Total liabilities and shareholders' equity	8,694,560	8,530,502	2,362,845	2,343,240
	-	-	-	-

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 period ended 31 March 2017

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

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

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

2. Significant accounting policies

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

3. Related party transactions

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

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate 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)				
Dividend income	-	-	113,851	22,873
Commission and marketing service income	-	-	32,834	47,751
Service income	-	-	6,889	12,076
Purchase of coal	-	-	73,221	-
<u>Transactions with major shareholder</u>				
Sales of coal	364,569	339,714	364,569	339,714
<u>Transactions with associated company</u>				
Purchase of coal	248,025	227,362	248,025	227,362
Freight charge	25,556	35,475	25,556	35,475

	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

As at 31 March 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Major shareholder	153,281	145,436	153,281	145,436
Subsidiaries	-	-	20,130	10,329
Total trade and other receivables - related parties	<u>153,281</u>	<u>145,436</u>	<u>173,411</u>	<u>155,765</u>
<u>Advance payments for goods - related parties</u>				
(Note 7)				
Subsidiary company	-	-	85,715	89,147
Associated company	7,613	-	7,613	-
Total advance payment for goods - related parties	<u>7,613</u>	<u>-</u>	<u>93,328</u>	<u>89,147</u>
<u>Trade and other payables - related parties</u>				
(Note 13)				
Subsidiary company	-	-	689	94,283
Associated company	6,178	7,643	6,178	7,643
Total trade and other payables - related parties	<u>6,178</u>	<u>7,643</u>	<u>6,867</u>	<u>101,926</u>

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 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 31 March

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	26,661	25,755	5,883	5,798
Post-employment benefits	4,388	3,112	269	253
Total	<u>31,049</u>	<u>28,867</u>	<u>6,152</u>	<u>6,051</u>

4. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	182	178	40	40
Bank deposits	1,005,978	726,601	92,635	32,462
Investments in bill of exchange	-	50,000	-	50,000
Total	<u>1,006,160</u>	<u>776,779</u>	<u>92,675</u>	<u>82,502</u>
Less: Restricted bank deposits	<u>(121,308)</u>	<u>(78,609)</u>	<u>-</u>	<u>-</u>
Total	<u>884,852</u>	<u>698,170</u>	<u>92,675</u>	<u>82,502</u>

As at 31 March 2017, bank deposits in savings account, fixed deposits and short-term investments carried interests between 0.1 and 7.3 percent per annum (31 December 2016: between 0.1 and 7.5 percent per annum).

As at 31 March 2017, the overseas subsidiaries have restricted bank deposits of USD 3.5 million or approximately Baht 121.3 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 20.5.

5. Current investments

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Investments in trading securities - fair value	270,301	232,806	267,008	229,525
Fixed deposit	150,000	150,000	150,000	150,000
Investments in bills of exchange	250,000	250,000	250,000	250,000
Total	670,301	632,806	667,008	629,525

As at 31 March 2017, the Company had current investments in the form of fixed deposits and bills of exchange amounting to Baht 400 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 May 2017 to January 2018.

6. Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	153,281	145,436	168,961	151,170
Past due				
Up to 3 months	-	-	-	2,389
Total trade receivables - related parties	153,281	145,436	168,961	153,559
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	778,738	457,482	50,738	45,063
Past due				
Up to 3 months	-	72	-	72
Over 3 months to 6 months	144	72	144	72
Total trade receivables - unrelated parties	778,882	457,626	50,882	45,207
Less: Allowance for doubtful debt	(144)	(144)	(144)	(144)
Total trade receivable - unrelated parties	778,738	457,482	50,738	45,063
Total trade receivables, net	932,019	602,918	219,699	198,622

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Other receivables</u>				
Other receivables - related parties	-	-	4,450	2,206
Other receivables - unrelated parties	6,319	11,390	824	2
Advances	1,010	416	1,010	412
Interest receivable	2,247	1,831	2,172	1,784
Total other receivables	9,576	13,637	8,456	4,404
Total trade and other receivables, net	941,595	616,555	228,155	203,026

An overseas subsidiary has pledged its accounts receivable to secure credit facilities from the financial institutions. As at 31 March 2017, the balance of accounts receivable totaling Rupiah 66,657 million or approximately Baht 170.9 million (31 December 2016: Rupiah 19,210 million or approximately Baht 51.2 million) were placed to secure such credit facilities.

7. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Advance payments for goods - related parties	7,613	-	93,328	89,147
Advance payments for goods - unrelated parties	213,439	585,797	-	-
Total advance payments for goods	221,052	585,797	93,328	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 31 March 2017, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 124.8 million (2016: Baht 543.6 million).

(Unaudited but reviewed)

8. 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 three-month periods ended	
	31	31	31	31	31	31	31	31
	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	March 2016
			(%)	(%)				
Local subsidiary								
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	-	-
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	113,851	22,873
Total					757,038	757,038	113,851	22,873

(Unaudited but reviewed)

9. 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			
			31 March 2017	31 December 2016	31 March 2017	31 December 2016	Carrying amounts based on equity method		Cost		Dividend received for the three-month periods ended	
					(%)	(%)	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 March 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	28,736	25,221	891	891	-	-
Total							28,736	25,221	891	891	-	-

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month period ended 31 March 2017 of approximately Baht 3.5 million (2016: Baht 6.3 million) 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)

10. Property, plant and equipment

Movements in the property, plant and equipment account for the three-month period ended 31 March 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	45,122	9,032
Disposals and write-off during the period – net book value on disposed/written-off date	(11,928)	-
Depreciation for the period	(62,968)	(2,674)
Translation adjustments	(40,759)	-
Net book value as at 31 March 2017	<u>3,565,343</u>	<u>280,955</u>

As at 31 March 2017, a subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 9.3 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 31 March 2017 amounting to approximately Baht 1,111.9 million (31 December 2016: Baht 1,108.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 12 and 14.

11. 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Deferred expenses - Indonesia coal mine project	326,240	344,670	-	-
Deferred stripping costs	133,204	162,584	-	-
Deferred transferred service fees according to contract	7,407	9,485	7,407	9,485
Others	60,634	62,686	3,909	3,729
Total other non-current assets	<u>527,485</u>	<u>579,425</u>	<u>11,316</u>	<u>13,214</u>
Amortisation expenses for the period	<u>138,348</u>	<u>364,657</u>	<u>2,077</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.

12. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	31 March	31 December
	2017	2016
Promissory notes	728,564	757,266
Trust receipts	177,361	229,371
Short-term loans from financial institution	-	44,913
Total	905,925	1,031,550

As at 31 March 2017, the local subsidiary had short-term loans from financial institutions in form of promissory notes of Baht 728.6 million (31 December 2016: Baht 757.3 million), which bear interests at 2.85 - 3.10 percent per annum (31 December 2016: between 2.85 and 3.10 percent per annum). The loan is secured by the mortgage of part of the subsidiary’s land and construction thereon and machinery as discussed in Note 10.

(Unaudited but reviewed)

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade payables - related parties	6,178	7,643	6,178	101,926
Trade payables - unrelated parties	400,985	392,622	31,904	32,941
Other payables - related parties	-	-	689	-
Other payables - unrelated parties	59,178	81,121	4,937	1,540
Total trade and other payables	<u>466,341</u>	<u>481,386</u>	<u>43,708</u>	<u>136,407</u>

14. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	31 March 2017	31 December 2016
Long-term loan from financial institution	297,757	297,757
Less: Current portion	<u>(180,000)</u>	<u>(180,000)</u>
Long-term loan from financial institution - net of current portion	<u>117,757</u>	<u>117,757</u>

Movements in the long-term loan from financial institution during the three-month period ended 31 March 2017 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2016	297,757
Less: Repayment during the period	<u>-</u>
Balance as at 31 March 2017	<u>297,757</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 10.

(Unaudited but reviewed)

Subsequently, on 7 March 2014, the Company 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 31 March 2017 and 31 December 2016, the subsidiary could maintain certain financial ratios as specified in the long-term loan agreement.

15. 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 periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	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	112,337	50,939	1,177	11,992
Withholding tax deducted at source recognised as expenses during the period	9,228	1,715	9,228	1,715
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,629)	3,776	(124)	(135)
Income tax expense reported in the income statements	<u>118,936</u>	<u>56,430</u>	<u>10,281</u>	<u>13,572</u>

16. 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 31 March			
	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)	140,397	135,043	118,493	70,976
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.27	0.26	0.23	0.14

17. Dividend paid

Dividends paid by the Group during the three-month periods ended 31 March 2017 and 2016 are as follows:

Overseas subsidiary**PT. Lanna Harita Indonesia**

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<u>2017</u>				
The third interim dividend for 2016	Board of Directors' meeting on 24 March 2017	6,000	750	24 March 2017
Total		<u>6,000</u>	<u>750</u>	
<u>2016</u>				
The third interim dividend for 2015	Board of Directors' meeting on 15 March 2016	1,200	150	18 March 2016
Total		<u>1,200</u>	<u>150</u>	

During the three-month period ended 31 March 2017, the Company received dividend income at 55 percent for a total of USD 3.3 million or equivalent to Baht 113.9 million. The Company had been withheld the withholding tax deducted at source of Baht 8.5 million (2016: dividend income at 55 percent for a total of USD 0.66 million or equivalent to Baht 22.9 million. The Company had been withheld the withholding tax deducted at source of Baht 1.7 million).

18. 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 periods ended 31 March 2017 and 2016.

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Revenues from external customers	469	395	1,562	1,490	750	650	-	-	2,781	2,535
Inter-segment revenues	40	60	73	-	-	-	(113)	(60)	-	-
Total revenue	509	455	1,635	1,490	750	650	(113)	(60)	2,781	2,535
Operating results										
Segment gross profit	72	123	731	495	102	123	(37)	(57)	868	684
Other income									24	8
Share of profit from investment in associated company									4	6
Gain on exchange									2	30
Selling and distribution expenses									(369)	(371)
Administrative expenses									(129)	(84)
Finance cost									(18)	(12)
Profit before income tax expenses									382	261
Income tax expenses									(119)	(56)
Profit for the period									263	205

(Unaudited but reviewed)

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

	Domestic coal business	Overseas coal business	Ethanol business	Total Segments	Adjustments and eliminations	(Unit: Million Baht) Consolidated
Segment assets						
At 31 March 2017	2,551	3,793	3,196	9,540	(845)	8,695
At 31 December 2016	2,532	3,711	3,225	9,468	(937)	8,531

19. Significant contracts and agreements

19.1 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.

19.2 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.

19.3 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.

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 31 March 2017, the Company and a subsidiaries had capital commitments of Baht 31.8 million, relating to the construction of the Company’s coal conveyance and jetty and the subsidiary’s Bio Scrubber and Biogas Burner (31 December 2016: Baht 43.4 million).

20.2 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Less than 1 year	27	22	11	11
In over 1 and up to 5 years	37	31	25	28

20.3 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Less than 1 year	5	2	1	1
In over 1 year and up to 5 years	2	2	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 8 million (Separate financial statements: Baht 7 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-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.

20.4 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.

20.5 Guarantees

As at 31 March 2017, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million, Rupiah 52,255 million and USD 0.2 million (the Company only: Baht 0.6 million) (31 December 2016: Baht 5 million, Rupiah 34,845 million and USD 0.2 million (the Company only: 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.

21. Litigation

In September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Subsequently, on 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2014 (the countersue date) until completion of payment. In addition, that company shall pay for charges and partial lawyer fee for the Company. However, on 3 December 2014, the Company lodged an appeal with the Court of Appeal. On 9 February 2016, the Appeal Court affirmed the judgment of the Civil Court.

Subsequently, on 7 April 2016, the Company lodged an appeal with the Supreme Court. Presently, the case is under consideration of the Supreme Court. As at 31 March 2017, the Company has not received such payment. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

22. 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 31 March 2017				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	5.5	0.2	34.2857	34.6144

As at 31 December 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	3.5	2.8	35.6588	36.0025

Foreign exchange contracts outstanding are summarised below.

As at 31 March 2017			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	1	34.5150 - 34.8170	April 2017

As at 31 December 2016			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	1.5	35.6150 - 35.9550	January 2017

23. Fair value hierarchy

As at 31 March 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		Separate	
	financial statements		financial statements	
	Level 2	Total	Level 2	Total
Held for trade investments - equity instruments	270,301	270,301	267,008	267,008

24. Events after the reporting periodDividend paid of the Company

On 25 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution approving the payment of dividend in respect of the 2016 operating income of Baht 0.64 per share or a total of Baht 336 million. Following the Company's Board of Directors' Meeting on 16 November 2016, which passed a resolution approving the payment of interim dividend of Baht 0.35 per share or a total of Baht 183.75 million, the additional payment of dividend remains at Baht 0.29 per share or a total of Baht 152.25 million, which will be paid on 16 May 2017. In addition, the meeting approved to set aside general reserve of Baht 1.3 million. The dividend and general reserve will be recorded in the second quarter of the current year.

Dividend paid of the subsidiary

On 24 April 2017, the Annual General Meeting of Thai Agro Energy Public Company Limited ("the subsidiary") passed a resolution to approve the payment of dividend in respect of operation income from BOI promoted operation for the period from July to December 2016 to the subsidiary's shareholders for 1,000 million shares of Baht 0.05 per share, or a total of Baht 50 million, additional from the interim dividends of Baht 0.10 per share, amounting of Baht 100 million. Thus, the total dividend payment is Baht 0.15 per share, or a total of Baht 150 million. The subsidiary will pay such dividend on 23 May 2017. In addition, the meeting approved to set aside general reserve of Baht 192 million. The dividend and general reserve will be recorded in the second quarter of the current year.

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 12 May 2017.