

Lanna Resources Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017



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Independent Auditor's Report

To the Shareholders of Lanna Resources Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales is a significant account because the amount of revenue from sales is material and directly affects the Group's profit or loss. The Group has major revenues from production and distribution of coals and ethanol which are prone to fluctuations in price and demand. In addition, revenues from sales of overseas subsidiaries represent a significant portion of the Group's total sales. There is therefore a risk with respect to the amount and timing of revenue recognition.

I examined the Group's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select sales agreements to assess whether the revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy. On a sampling basis, I also examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, and reviewed credit notes that the Group issued after the period-end. Moreover, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Coal reserve estimates for the overseas subsidiaries

Coal reserves are estimates of the amounts of coal that can be economically and legally extracted by the subsidiary companies. The subsidiary companies determine and report their coal reserves under the Australasian Code for Reporting, Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee Code).

Estimating coal reserves requires the use of assumptions about a range of geological, technical and economic factors, including production quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, coal prices and exchange rates.

Estimating the quantity and/or calorific value of coal ore reserves requires the size, shape and depth of coal ore bodies or fields to be determined through an analysis of geological data such as drilling data, samples and topography. The process of making judgements with respect to such geological data is complex and difficult.

Because the economic assumptions used to estimate the reserves change from period to period, and because additional geological data may be generated during the course of operations, the estimates of reserves may change from period to period.

Changes in reported reserves may affect the subsidiary companies' financial results and financial position in a number of ways, including the following:

- Assets' carrying values may be affected by changes in estimated future cash flows.
- Depreciation, depletion and amortisation charges in the statements of income and other comprehensive income may change when such charges are determined by the units of production basis, or when the useful economic lives of assets change.
- Overburden removal costs recorded in the statements of financial position or charged to the statement of income and other comprehensive income may change due to changes in stripping ratios.
- Decommissioning costs and provisions for site and environmental restoration may change due to changes in estimated reserves which result from the timing or cost of these activities.
- The recognised value of deferred tax assets/liabilities may change due to changes in estimates of the recoverable amounts of the tax benefits.

I audited the coal reserve estimates by assessing the competency and capability of the management and the expert used by the management to estimate the subsidiary companies' coal reserves as of 31 December 2017. In addition, I tested the significant assumptions used by the management and the expert in the estimation, especially the assumptions relating to coal prices, production levels and discount rate determination. I also reviewed the disclosure of the accounting policy relating to the estimation of coal reserves in the notes to the financial statements.

Goodwill

As at 31 December 2017, the Company recorded goodwill amounting to Baht 186 million, as disclosed in Note 16 to the financial statements. The assessment of goodwill impairment is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from the group of assets in the future, and setting an appropriate discount rate and long-term growth rate. This will affect the appropriateness of the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by the management by making enquiry of the management and gaining an understanding of its decision-making process to assess whether the decisions made were consistent with how the assets are utilised. In addition, I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by the management through analysis of the weighted average finance costs of the Company and of the industry, tested the calculation of the recoverable amounts of the assets using the selected financial model and considered the impact of changes in key assumptions on those recoverable amounts, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

Estimation of recoverable amount of tax refund claims by overseas subsidiaries

As of 31 December 2017, three overseas subsidiaries recognised estimates of tax refund claims totaling Baht 632.3 million, which consisted of value added tax and corporate income tax amounting to Baht 607.0 million and Baht 25.3 million, respectively.

The estimate of the value added tax refund claim was determined based on the netting of the input tax and output tax. The subsidiary companies recognised the overpaid value added tax as assets because they generated revenue mostly from export sales, which are subject to value added tax at a 0% rate.

The estimates of the corporate income tax refund claim was measured at the amount expected to be recovered from the tax authority, which is the excess of prepaid corporate income tax over the corporate income tax expense for the respective fiscal year. The corporate income tax expense is determined by multiplying the estimated taxable income by the prevailing tax rate.

The recoverability of the estimated claims for tax refunds is dependent on examination by the tax authority. In addition, there are complexities and uncertainties with respect the interpretation of tax regulations.

I have audited the management's assessment of the uncertainties relating to the tax refund claims through a discussion with the management, review of the correspondence between the subsidiaries and the tax authority and consideration of the past results of tax assessments by the tax authority. I also reviewed the related disclosures made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 20 February 2018

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	1,128,070,350	698,170,417	261,622,317	82,501,985
Current investments	8	834,292,459	632,805,833	826,066,447	629,525,469
Trade and other receivables	6, 9	1,268,274,483	616,554,847	197,347,488	203,026,352
Inventories	10	392,755,150	460,385,948	184,234,636	228,407,387
Input tax refundable		606,959,198	805,566,404	9,760,912	9,101,435
Prepaid income tax		25,329,190	131,525,167	-	-
Advance payments for goods	6, 11	56,889,979	585,797,067	60,272,314	89,147,000
Other current financial assets		91,467,273	35,024,129	2,307,522	1,984,144
Total current assets		4,404,038,082	3,965,829,812	1,541,611,636	1,243,693,772
Non-current assets					
Restricted bank deposits	7	86,446,953	78,608,521	-	-
Investments in subsidiaries	12	-	-	764,538,181	757,038,192
Investment in associated company	13	28,073,207	25,221,109	890,679	890,679
Investment properties	14	32,422,689	32,422,689	32,422,689	32,422,689
Property, plant and equipment	15	3,547,727,135	3,635,875,583	295,605,947	274,597,056
Goodwill	16	185,999,788	185,999,788	-	-
Intangible assets	17	4,985,379	5,108,820	3,100,776	2,587,872
Deferred tax assets	30	22,876,571	22,010,866	19,263,908	18,795,879
Other non-current assets	18	462,028,242	579,425,002	3,739,570	13,213,821
Total non-current assets		4,370,559,964	4,564,672,378	1,119,561,750	1,099,546,188
Total assets		8,774,598,046	8,530,502,190	2,661,173,386	2,343,239,960

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution					
	19	899,068,030	1,031,549,635	-	-
Trade and other payables	6, 20	557,020,822	481,386,566	44,931,302	136,407,208
Current portion of liabilities under finance lease agreements					
	21	3,254,811	2,804,604	-	-
Current portion of long-term loan from financial institution					
	22	117,757,191	180,000,000	-	-
Accrued expenses		283,482,978	151,377,824	25,458,568	12,524,661
Income tax payable		378,673,524	25,405,166	-	91,335
Other current liabilities	25	136,869,211	122,790,597	11,856,595	9,524,879
Total current liabilities		2,376,126,567	1,995,314,392	82,246,465	158,548,083
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	21	2,583,978	3,956,711	-	-
Long-term loan from financial institution					
- net of current portion	22	-	117,757,191	-	-
Provision for long-term employee benefits					
	23	198,601,493	186,709,390	29,704,626	27,220,179
Provision for mine reclamation and decommissioning costs					
	24	75,813,120	110,388,866	-	-
Deferred tax liabilities	30	43,952,373	51,395,872	-	-
Other non-current liabilities	25	182,513,702	258,619,500	-	-
Total non-current liabilities		503,464,666	728,827,530	29,704,626	27,220,179
Total liabilities		2,879,591,233	2,724,141,922	111,951,091	185,768,262

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
524,999,679 ordinary shares of Baht 1 each		524,999,679	524,999,679	524,999,679	524,999,679
Share premium		680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings					
Appropriated - Statutory reserve	26	52,500,000	52,500,000	52,500,000	52,500,000
Appropriated - General reserve		747,300,000	746,000,000	747,300,000	746,000,000
Unappropriated		2,282,730,339	1,920,661,331	544,022,616	153,572,019
Other components of shareholders' equity		<u>50,979,693</u>	<u>193,989,842</u>	-	-
Equity attributable to owners of the Company		<u>4,338,909,711</u>	<u>4,118,550,852</u>	<u>2,549,222,295</u>	<u>2,157,471,698</u>
Non-controlling interests of the subsidiaries		<u>1,556,097,102</u>	<u>1,687,809,416</u>	-	-
Total shareholders' equity		<u>5,895,006,813</u>	<u>5,806,360,268</u>	<u>2,549,222,295</u>	<u>2,157,471,698</u>
Total liabilities and shareholders' equity		<u>8,774,598,046</u>	<u>8,530,502,190</u>	<u>2,661,173,386</u>	<u>2,343,239,960</u>

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

Directors

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	6	12,080,187,301	8,761,554,028	1,941,730,936	1,478,787,972
Commission and marketing service income	6	-	-	166,011,630	147,779,879
Other income					
Dividend income	6, 12, 13	-	-	696,314,477	226,618,856
Service income	6	-	-	48,969,798	33,790,855
Gain on exchange		-	13,819,164	-	3,528,424
Interest income	6	22,580,526	21,949,311	13,704,778	8,558,215
Others		32,866,250	16,843,167	15,762,207	10,659,418
Total other income		55,446,776	52,611,642	774,751,260	283,155,768
Total revenues		12,135,634,077	8,814,165,670	2,882,493,826	1,909,723,619
Expenses					
Cost of sales	6	7,848,219,423	6,560,372,014	1,739,397,638	1,275,245,295
Selling and distribution expenses		1,854,624,992	1,264,404,176	172,786,995	157,185,720
Administrative expenses		519,552,873	416,616,341	123,496,793	103,633,970
Loss from flood event	29	73,317,726	-	-	-
Loss on exchange		19,550,458	-	4,923,135	-
Total expenses	28	10,315,265,472	8,241,392,531	2,040,604,561	1,536,064,985
Profit before share of profit from investment, finance cost and income tax expenses					
		1,820,368,605	572,773,139	841,889,265	373,658,634
Share of profit from investment in associated company					
	13	19,152,977	17,697,521	-	-
Profit before finance cost and income tax expenses		1,839,521,582	590,470,660	841,889,265	373,658,634
Finance cost		(63,892,101)	(50,099,648)	-	-
Profit before income tax expenses		1,775,629,481	540,371,012	841,889,265	373,658,634
Income tax expenses	30	(556,839,026)	(126,814,287)	(87,888,889)	(36,407,608)
Profit for the year		1,218,790,455	413,556,725	754,000,376	337,251,026
Profit attributable to:					
Equity holders of the Company		729,440,730	271,453,431	754,000,376	337,251,026
Non-controlling interests of the subsidiaries		489,349,725	142,103,294	-	-
		1,218,790,455	413,556,725		
Basic earnings per share					
Profit attributable to equity holders of the Company	32	1.39	0.52	1.44	0.64

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year		<u>1,218,790,455</u>	<u>413,556,725</u>	<u>754,000,376</u>	<u>337,251,026</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>(229,589,173)</u>	<u>(20,638,082)</u>	<u>-</u>	<u>-</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(229,589,173)</u>	<u>(20,638,082)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		<u>(9,451,590)</u>	<u>(8,658,676)</u>	<u>-</u>	<u>-</u>
Less: Income tax effect	30	<u>2,504,064</u>	<u>2,592,702</u>	<u>-</u>	<u>-</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(6,947,526)</u>	<u>(6,065,974)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>(236,536,699)</u>	<u>(26,704,056)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>982,253,756</u>	<u>386,852,669</u>	<u>754,000,376</u>	<u>337,251,026</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>582,608,638</u>	<u>254,923,884</u>	<u>754,000,376</u>	<u>337,251,026</u>
Non-controlling interests of the subsidiaries		<u>399,645,118</u>	<u>131,928,785</u>		
		<u>982,253,756</u>	<u>386,852,669</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 year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Issued and paid up share capital	Share premium	Retained earnings			Translation of financial statements in foreign currency	Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Statutory reserve	General reserve	Unappropriated reserve							
Balance as at 1 January 2017		524,999,679	680,400,000	52,500,000	746,000,000	1,920,661,331	117,484,715	75,948,676	556,451	193,989,842	4,119,550,852	1,667,809,416	5,806,360,268
Profit for the year		-	-	-	-	729,440,730	-	-	-	-	729,440,730	489,349,725	1,218,790,455
Other comprehensive income for the year		-	-	-	-	(3,821,943)	(143,010,149)	-	-	(143,010,149)	(146,832,092)	(89,704,607)	(236,536,699)
Total comprehensive income for the year		-	-	-	-	725,618,787	(143,010,149)	-	-	(143,010,149)	582,608,638	399,645,118	982,253,756
Dividend paid	33	-	-	-	-	(362,249,779)	-	-	-	(362,249,779)	(362,249,779)	-	(362,249,779)
Unappropriated retained earnings transferred to general reserve	33	-	-	-	1,300,000	(1,300,000)	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries from dividend payments		-	-	-	-	-	-	-	-	-	-	(531,357,432)	(531,357,432)
Balance as at 31 December 2017		524,999,679	680,400,000	52,500,000	747,300,000	2,292,730,339	(25,525,434)	75,948,676	556,451	50,979,693	4,338,909,711	1,566,097,102	5,895,006,813

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

Lanna Resources Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity
 For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
	Issued and paid up share capital	Share premium	Statutory reserve	Appropriated	Retained earnings	Unappropriated reserve	General reserve	Unappropriated reserve	Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions				Total other component of shareholders' equity
	Note								translation of financial statements in foreign currency	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income		
Balance as at 1 January 2016		524,999,679	680,400,000	52,500,000	734,900,000	2,057,901,972	130,169,947	75,948,676	556,451	2,056,675,074	4,257,376,725	1,723,819,503	5,981,196,228	
Profit for the year		-	-	-	-	271,453,431	-	-	-	-	271,453,431	142,103,294	413,556,725	
Other comprehensive income for the year		-	-	-	-	(3,844,313)	(12,685,232)	-	-	(12,685,232)	(16,529,545)	(10,174,509)	(26,704,054)	
Total comprehensive income for the year		-	-	-	-	267,609,118	(12,685,232)	-	-	(12,685,232)	254,923,886	131,928,785	386,852,671	
Dividend paid	33	-	-	-	-	(393,749,759)	-	-	-	-	(393,749,759)	-	(393,749,759)	
Unappropriated retained earnings transferred to general reserve	33	-	-	-	11,100,000	(11,100,000)	-	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiaries from dividend payments		-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2016		524,999,679	680,400,000	52,500,000	746,000,000	1,920,651,331	117,484,715	75,948,676	556,451	1,933,989,842	4,118,550,852	(167,938,872)	5,806,360,268	

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

Lanna Resources Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)
 For the year ended 31 December 2017

(Unit: Baht)

	Note	Separate financial statements					Total shareholders' equity
		Issued and paid up share capital	Share premium	Retained earnings			
				Statutory reserve	General reserve	Unappropriated	
Balance as at 1 January 2016		524,999,679	680,400,000	52,500,000	734,900,000	221,170,752	2,213,970,431
Profit for the year		-	-	-	-	337,251,026	337,251,026
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	337,251,026	337,251,026
Dividend paid	33	-	-	-	-	(393,749,759)	(393,749,759)
Unappropriated retained earnings transferred to general reserve	33	-	-	-	11,100,000	(11,100,000)	-
Balance as at 31 December 2016		524,999,679	680,400,000	52,500,000	746,000,000	153,572,019	2,157,471,698
Balance as at 1 January 2017		524,999,679	680,400,000	52,500,000	746,000,000	153,572,019	2,157,471,698
Profit for the year		-	-	-	-	754,000,376	754,000,376
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	754,000,376	754,000,376
Dividend paid	33	-	-	-	-	(362,249,779)	(362,249,779)
Unappropriated retained earnings transferred to general reserve	33	-	-	-	1,300,000	(1,300,000)	-
Balance as at 31 December 2017		524,999,679	680,400,000	52,500,000	747,300,000	544,022,616	2,549,222,295

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	1,775,629,481	540,371,012	841,889,265	373,658,634
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	681,903,301	586,634,890	21,292,938	20,912,871
Reduction of inventory to net realisable value (reversal)	(3,312,232)	3,860,154	-	-
Allowance for doubtful debt	-	144,302	-	144,302
Gain on disposals and change in value of investments in trading securities	(4,334,420)	(5,899,890)	(4,234,842)	(5,698,705)
Share of profit from investment in associated company	(19,152,977)	(17,697,521)	-	-
Write-off of input tax refundable	42,154,798	43,537,906	-	-
Loss (gain) on disposal/write-off of equipment	3,510,267	(4,270,501)	(4,376)	(4,338,784)
Loss on write-off of deferred stripping costs	248,702	-	-	-
Reversal of dividend payable	(4,164,370)	-	(4,164,370)	-
Dividend income	-	-	(696,314,477)	(226,618,856)
Provision for long-term employee benefits	23,560,027	32,721,901	2,484,447	2,703,561
Provision for mine reclamation and decommissioning costs	7,750,309	27,985,933	-	-
Unrealised loss (gain) on exchange	(17,904,713)	(26,608,952)	5,639,709	141,752
Interest income	(22,580,526)	(21,949,311)	(13,704,778)	(8,558,215)
Interest expenses	63,686,760	45,806,472	-	-
Profit from operating activities before changes in operating assets and liabilities	2,526,994,407	1,204,636,395	152,883,516	152,346,560
Operating assets (increase) decrease				
Trade and other receivables	(650,482,522)	195,195,861	9,982,352	41,592,146
Inventories	71,098,012	13,736,491	44,172,751	(132,268,965)
Input tax refundable	132,997,995	10,365,983	(659,477)	(9,101,435)
Advance payments for goods	528,907,088	12,727,496	23,046,282	(89,650,000)
Other current assets	(56,443,144)	(23,516,584)	(323,378)	295,865
Operating liabilities increase (decrease)				
Trade and other payables	67,318,174	43,213,652	(93,336,377)	86,579,741
Accrued expenses	131,378,101	(278,764,300)	12,933,907	(6,689,016)
Other current liabilities	20,576,525	(13,700,241)	(1,203,746)	(15,165,328)
Provision for long-term employee benefits	(3,868,203)	(24,961,755)	-	(11,790,800)
Provision for mine reclamation	(25,655,944)	(24,805,968)	-	-
Cash from operating activities	2,742,820,489	1,114,127,030	147,495,830	16,148,768

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2017

(Unit: 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 (continued)				
Interest income	21,343,412	22,372,692	9,353,226	9,026,216
Cash paid for interest expenses	(33,802,531)	(37,159,225)	-	-
Refund of income tax	78,606,984	58,584,313	-	-
Cash paid for income tax	(193,362,530)	(138,646,729)	(80,748,421)	(43,721,457)
Net cash from (used in) operating activities	2,615,605,824	1,019,278,081	76,100,635	(18,546,473)
Cash flows from investing activities				
Investment in subsidiaries	-	-	(7,499,989)	(2,499,996)
Decrease (increase) in current investments	(197,152,206)	223,888,207	(192,306,136)	226,188,207
Increase in restricted bank deposits	(14,748,639)	(871,132)	-	-
Dividend received from subsidiaries and associated company	16,300,879	34,693,568	696,314,477	226,618,856
Proceeds from disposals of equipment	989,265	7,333,320	8,577	6,809,956
Acquisitions of property, plant and equipment	(265,907,605)	(203,873,157)	(30,038,292)	(22,531,406)
Acquisitions of computer software	(1,618,904)	(2,711,399)	(1,437,220)	(2,533,000)
Decrease (increase) in other non-current assets	(355,407,733)	(294,819,795)	(10,500)	861,791
Net cash from (used in) investing activities	(817,544,943)	(236,360,388)	465,030,917	432,914,408
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(132,481,605)	(5,414,107)	-	-
Repayment of long-term loan from financial institution	(180,000,000)	(180,000,000)	-	-
Cash paid for liabilities under finance lease agreements	(3,337,424)	(2,736,265)	-	-
Cash paid for liabilities under capital lease agreement	(85,362,021)	-	-	-
Dividend paid	(893,607,222)	(561,688,631)	(362,249,779)	(393,749,759)
Decrease in non-controlling interests of the subsidiaries	(86,579,013)	(7,952,849)	-	-
Net cash used in financing activities	(1,381,367,285)	(757,791,852)	(362,249,779)	(393,749,759)
Increase in translation adjustments	12,967,778	12,900,790	-	-
Net increase in cash and cash equivalents	429,661,374	38,026,631	178,881,773	20,618,176
Cash and cash equivalents at beginning of year	698,170,417	660,146,420	82,501,985	61,886,443
Effect of change in foreign exchange rate				
on cash at bank balance	238,559	(2,634)	238,559	(2,634)
Cash and cash equivalents at end of year (Note 7)	1,128,070,350	698,170,417	261,622,317	82,501,985

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Supplemental cash flows information:				
Non-cash transaction from operating activities				
Transferred provision for long-term employee benefits to accrued expenses	4,089,548	2,545,386	-	-
Non-cash transactions from investing activities				
Accounts payable from purchases of plant, equipment and intangible assets	36,666,428	28,352,146	2,161,058	302,387
Acquisitions of equipment under finance lease agreements	1,993,124	3,447,500	-	-
Acquisitions of assets under capital lease agreement	-	308,940,493	-	-

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

Lanna Resources Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2017

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				2017 Percent	2016 Percent
<u>Held by the Company</u>					
Local subsidiary					
Lanna Power Generation Company Limited	Investment business and power generation and distribution services	Direct holding and common directors	Thailand	100.00	100.00
Thai Agro Energy Public Company Limited	Ethanol production and distribution	Direct holding and common directors	Thailand	51.00	51.00
Overseas subsidiaries					
PT. Lanna Mining Services	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				2017 Percent	2016 Percent
<u>Held by associated company</u>					
PT. Lanna Mining Services	Coal distribution	Direct holding	Indonesia	0.05	0.05

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The excess of the cost of investment in a subsidiary company over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as "Goodwill" and separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).

2.3 The separate financial statements present investments in subsidiaries and associated company under the cost method.

3. New financial reporting standards

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

During the year, 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 current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are 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 and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

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

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

Commission and marketing service income

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

Service income

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

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

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Change in the fair value of these securities, which is determined from their net asset value, are recorded in profit or loss.
- b) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

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

4.6 Investment properties

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

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

4.7 Property, plant and equipment and depreciation

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

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

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

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

Depreciation is included in determining income.

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

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

4.8 Intangible assets

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

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

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

4.9 Other non-current assets

Assets under exploration for and evaluation of mineral resources

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

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

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

Deferred exploration and development costs

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

Deferred stripping costs

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

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

- a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the subsidiaries.
- b) The subsidiaries can identify the component of the ore body for which access has been improved.
- c) The costs relating to the stripping activity associated with that component can be measured reliably.

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

4.10 Goodwill

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

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

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

4.11 Related party transactions

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

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

4.12 Long-term leases

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

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

4.13 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Government grants related to assets

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

4.17 Provisions

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

4.18 Provision for mine reclamation and decommissioning costs

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

4.19 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.20 Derivatives

Forward exchange contracts

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

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Coal reserve estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in inventory value

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

Allowance for impairment of investments

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

Property, plant and equipment and depreciation

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

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

Goodwill

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

Tax refundable

The estimated claim for value added tax refund is determined in a net basis between value added tax input and output. The subsidiaries recognise overpayment of value added tax because they generated revenue mostly from export sales which are subject to value added tax at a 0% rate.

The estimated claim for income tax refund is measured at the amount expected to be recovered from tax authority which is the excess of prepaid corporate income tax over the corporate income tax expense during the respective fiscal year. The corporate income tax expense is determined based on the estimated taxable income computed using prevailing tax rates.

The management needs to make judgement which the recoverability of the estimated claims for taxes refund is dependent on the examination by tax authority which gives rise to the complexity and uncertainty exist with respect the interpretation of tax regulations.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Provision for mine reclamation and decommissioning costs

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

6. Related party transactions

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Unit: Thousand Baht)				
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	680,014	191,925
Commission and marketing service income	-	-	166,012	147,780
Service income	-	-	48,970	33,791
Interest income	-	-	4,798	-
Purchase of coal	-	-	373,167	246,676
<u>Transactions with major shareholder</u>				
Sales of coal	1,505,821	1,202,997	1,505,821	1,202,997
<u>Transactions with associated company</u>				
Purchase of coal	872,639	748,364	872,639	748,364
Freight charge	166,161	141,280	166,161	141,280
Dividend income	-	-	16,301	34,694

	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 31 December 2017 and 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	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties</u>				
(Note 9)				
Major shareholder	79,542	145,436	79,542	145,436
Subsidiaries	-	-	48,157	10,329
Total trade and other receivables - related parties	<u>79,542</u>	<u>145,436</u>	<u>127,699</u>	<u>155,765</u>
<u>Advance payments for goods - related parties</u>				
(Note 11)				
Subsidiary company	-	-	60,272	89,147
Total advance payment for goods - related parties	<u>-</u>	<u>-</u>	<u>60,272</u>	<u>89,147</u>
<u>Trade and other payables - related parties</u>				
(Note 20)				
Subsidiary company	-	-	-	94,283
Associated company	1,753	7,643	1,753	7,643
Total trade and other payables - related parties	<u>1,753</u>	<u>7,643</u>	<u>1,753</u>	<u>101,926</u>

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	162,698	140,384	42,171	39,522
Post-employment benefits	19,994	14,260	1,075	1,013
Total	<u>182,692</u>	<u>154,644</u>	<u>43,246</u>	<u>40,535</u>

7. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	149	178	40	40
Bank deposits	1,114,368	726,601	161,582	32,462
Investments in bill of exchange	100,000	50,000	100,000	50,000
Total	1,214,517	776,779	261,622	82,502
Less: Restricted bank deposits	(86,447)	(78,609)	-	-
Total	1,128,070	698,170	261,622	82,502

As at 31 December 2017, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 7.5 percent per annum (2016: between 0.1 and 7.50 percent per annum).

As at 31 December 2017, the overseas subsidiaries have restricted bank deposits of USD 2.6 million or approximately Baht 86.4 million (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 36.5.

8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Investments in trading securities - fair value	504,292	232,806	496,066	229,525
Fixed deposit	100,000	150,000	100,000	150,000
Investments in bills of exchange	230,000	250,000	230,000	250,000
Total	834,292	632,806	826,066	629,525

During the year 2017, the Company and its subsidiaries recognised gains on the sales of trading securities amounting to Baht 5.4 million (the Company only: Baht 5.3 million) (2016: Baht 4.7 million (the Company only: Baht 4.5 million)). As at 31 December 2017, the Company and its subsidiaries recognised loss on valuation of trading securities amounting to Baht 1.1 million (the Company only: Baht 1.1 million) in profit or loss (2016: recognised gain on valuation by Baht 1.2 million (the Company only: Baht 1.2 million)).

As at 31 December 2017, the Company had current investments in the form of fixed deposit and bill of exchange amounting to Baht 330 million (2016: Baht 400 million) carried interests between 1.3 and 1.7 percent per annum (2016: between 1.5 and 1.7 percent per annum) and due for redemption during January to June 2018.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	79,542	145,436	95,060	151,170
Past due				
Up to 3 months	-	-	11,097	2,389
Total trade receivables - related parties	79,542	145,436	106,157	153,559
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	1,163,445	457,482	56,235	45,063
Past due				
Up to 3 months	10,002	72	10,002	72
Over 3 months to 6 months	-	72	-	72
Total trade receivables - unrelated parties	1,173,447	457,626	66,237	45,207
Less: Allowance for doubtful debt	-	(144)	-	(144)
Total trade receivable - unrelated parties, net	1,173,447	457,482	66,237	45,063
Total trade receivables - net	1,252,989	602,918	172,394	198,622
<u>Other receivables</u>				
Other receivables - related parties	-	-	18,363	2,206
Other receivables - unrelated parties	11,913	11,390	150	2
Advances	304	416	304	412
Interest receivable - related parties	-	-	3,179	-
Interest receivable - unrelated parties	3,068	1,831	2,957	1,784
Total other receivables	15,285	13,637	24,953	4,404
Total trade and other receivables - net	1,268,274	616,555	197,347	203,026

The overseas subsidiary has pledged its accounts receivable to secure credit facilities from the financial institutions. As at 31 December 2017, the balance of accounts receivable totaling Rupiah 90,000 million or approximately Baht 228.6 million (2016: Rupiah 19,210 million or approximately Baht 51.2 million) were placed to secure such credit facilities.

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Coal and work in process	260,826	329,190	-	(4,022)	260,826	325,168
Finished goods - Ethanol	17,051	9,026	(555)	-	16,496	9,026
Work in process - Ethanol	18,312	17,220	-	-	18,312	17,220
Raw materials	78,179	90,804	-	-	78,179	90,804
Supplies	13,137	12,304	-	-	13,137	12,304
Spare parts	5,805	5,864	-	-	5,805	5,864
Total	393,310	464,408	(555)	(4,022)	392,755	460,386

(Unit: Thousand Baht)

	Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Coal	184,235	228,407	-	-	184,235	228,407
Total	184,235	228,407	-	-	184,235	228,407

During the current year, the subsidiary company reduced cost of inventories by Baht 0.6 million, to reflect the net realisable value. This was included in cost of sales. (2016: Baht 4.0 million).

11. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advance payments for goods - related parties	-	-	60,272	89,147
Advance payments for goods - unrelated parties	56,890	585,797	-	-
Total advance payments for goods	56,890	585,797	60,272	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 December 2017, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 38.4 million (2016: Baht 543.6 million).

12. Investments in subsidiaries

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

Company's name	Paid up capital		Shareholding percentage		Cost	Dividend received for the years ended 31 December	
	2017	2016	2017 (%)	2016 (%)		2017	2016
Local subsidiary							
Lanna Power Generation Company Limited	Baht 10 million	Baht 2.5 million	100.00	100.00	10,000	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
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	128,369
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	475,145
Total					764,538	757,038	191,925

Local subsidiary

Lanna Power Generation Company Limited

On 20 June 2016, the meeting of the Company's Board of Directors passed a resolution to establish Lanna Power Generation Company Limited, a new subsidiary. The subsidiary registered its establishment with the Ministry of Commerce on 7 July 2016 with registered share capital of Baht 10 million (2,000,000 ordinary shares of Baht 5 each), being 25 percent of issued and paid up capital of Baht 2.5 million, in which the Company holds 100 percent interest. On 4 July 2016, the Company paid for share subscription of Baht 2.5 million (1,999,997 ordinary shares of Baht 1.25 each). The subsidiary is principally engaged in the investment business and power generation and distribution services in domestic and overseas countries. Its registered address is at 888/98 Mahathun Plaza Building 9th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

On 26 October 2017, the meeting of the Board of Directors of Lanna Power Generation Company Limited approved to call up additional share capital of Baht 7.5 million (2,000,000 ordinary shares at Baht 3.75 each). As a result, as at 31 December 2017, the subsidiary had issued and paid up share capital of Baht 10 million (2,000,000 ordinary shares of Baht 5 each fully paid up). On 16 November 2017, the Company paid for shares subscription of Baht 7.5 million (1,999,997 ordinary shares at Baht 3.75 each).

Overseas subsidiaries

The Company has 3 overseas subsidiaries in which the Company has shareholding percentage between 55.00% and 99.95% and, as at 31 December 2017, such subsidiaries had unappropriated retained earnings of the Company's portion totaling USD 36.2 million or approximately Baht 1,212 million (2016: USD 35.7 million or approximately Baht 1,188.4 million). The Group may have obligations regarding withholding tax deducted at source in Indonesia when the subsidiaries pay dividends from such amount in the future.

12.2 Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year		Translation adjustment allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2017 (%)	2016 (%)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Thai Agro Energy Public Co., Ltd. PT. Singlurus	49.00	49.00	796	847	24	87	(1)	-	-	-	(74)	(74)
Pratama PT. Lanna Harita	35.00	35.00	346	329	122	(45)	-	(2)	(36)	(4)	(69)	-
Indonesia	45.00	45.00	421	520	343	100	(2)	-	(51)	(4)	(389)	(94)

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	425	905	975	526	1,435	1,323
Non-current assets	2,406	2,320	1,072	1,264	324	426
Current liabilities	(1,198)	(1,370)	(540)	(267)	(665)	(393)
Non-current liabilities	(5)	(123)	(309)	(373)	(158)	(202)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	2,473	2,418	3,237	1,641	4,744	3,403
Profit (loss)	49	178	349	(129)	761	221
Other comprehensive income	(3)	-	(1)	(5)	(4)	(1)
Total comprehensive income	46	178	348	(134)	757	220

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flow from operating activities	641	461	390	466	1,377	412
Cash flow from investing activities	(222)	(122)	(122)	(452)	(284)	(164)
Cash flow from financing activities	(421)	(311)	(236)	(27)	(850)	(215)
Net increase (decrease) in cash and cash equivalents	(2)	28	32	(13)	243	33

13. Investment in associated company

13.1 Detail of associated company

Company's name	Nature of Business	Paid up capital		Shareholding percentage		Carrying amounts based on equity method		Cost	
		2017	2016	2017	2016	2017	2016	2017	2016
				(%)	(%)				
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	SGD 0.1 million	SGD 0.1 million	49	49	28,073	25,221	891	891
Total		28,073	25,221	891	891	28,073	25,221	891	891

(Unit: Thousand Baht)

Consolidated
financial statements

Separate
financial statements

Carrying amounts based
on equity method

Cost

13.2 Share of comprehensive income and dividend received

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

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate for the years ended 31 December	Share of other comprehensive income from investment in associate for the years ended 31 December	Share of profit from investment in associate for the years ended 31 December	Dividend received for the years ended 31 December
	2017	2016	2017	2016
United Bulk Shipping Pte. Ltd.	19,153	17,698	-	34,694
			16,301	

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2017 and 2016 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

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

13.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	United Bulk Shipping Pte. Ltd.	
	<u>2017</u>	<u>2016</u>
Current assets	139	75
Current liabilities	(80)	(17)
Net assets	<u>59</u>	<u>58</u>
Carrying amounts of associates based on equity method	<u>28</u>	<u>25</u>

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	United Bulk Shipping Pte. Ltd.	
	<u>2017</u>	<u>2016</u>
Revenue	1,050	901
Profit	39	36
Other comprehensive income	-	-
Total comprehensive income	39	36

14. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Cost	35,193	35,193
Less: Accumulated depreciation	(1,200)	(1,200)
Less: Allowance for diminution in value	(1,570)	(1,570)
Net book value	<u>32,423</u>	<u>32,423</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	32,423	34,726
Disposal - net book value on disposal date	-	(2,303)
Net book value at end of year	<u>32,423</u>	<u>32,423</u>

As at 31 December 2017, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 32.4 million (2016: Baht 32.4 million). The Company is considering making use and/or selling such assets to other parties. However, for some plots of land and land improvement which the Company had considered their net realisable value to be less than the net book value, the Company had set up allowance for impairment of such assets of Baht 1.6 million (2016: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2017 is Baht 48.0 million (2016: Baht 50.2 million), which is determined based on the price appraised by the Department of Land.

15. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

Cost	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation		Total
1 January 2016	360,275	65,045	118,331	741,043	2,654,831	97,815	58,430	513,688		4,609,458
Additions	12,486	-	19,945	391,487	7,079	3,892	5,091	132,292		572,272
Disposals/write-off	-	-	-	(1,302)	(2,082)	(3,111)	(11,786)	(125)		(18,406)
Transfer in (transfer out)	-	-	-	-	101,996	767	-	(102,763)		-
Translation adjustment	(136)	-	(136)	(3,236)	(3,712)	(350)	(143)	(827)		(8,540)
31 December 2016	372,625	65,045	138,140	1,127,992	2,758,112	99,013	51,592	542,265		5,154,784
Additions	49,224	-	2,108	20,570	1,904	4,243	1,817	197,595		277,461
Disposals/write-off	-	-	-	(14,909)	(8,104)	(2,493)	(3,515)	(315)		(29,336)
Transfer in (transfer out)	-	-	-	56,437	510,887	-	-	(567,324)		-
Translation adjustment	(1,658)	-	(1,661)	(73,926)	(45,406)	(4,314)	(1,748)	(10,346)		(139,059)
31 December 2017	420,191	65,045	138,587	1,116,164	3,217,393	96,449	48,146	161,875		5,263,850

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation									
1 January 2016	-	65,045	37,640	169,149	917,911	86,000	44,342	-	1,320,087
Depreciation for the year	-	-	3,583	63,079	141,785	6,149	5,033	-	219,629
Accumulated depreciation of the disposal/written-off	-	-	-	(752)	(2,046)	(3,063)	(11,786)	-	(17,647)
Translation adjustment	-	-	(136)	(723)	(1,892)	(325)	(85)	-	(3,161)
31 December 2016	-	65,045	41,087	230,753	1,055,758	88,761	37,504	-	1,518,908
Depreciation for the year	-	-	4,550	86,261	157,199	4,702	4,642	-	257,354
Accumulated depreciation of the disposal/written-off	-	-	-	(1,572)	(7,102)	(2,461)	(2,934)	-	(14,069)
Translation adjustment	-	-	(1,661)	(13,393)	(25,680)	(4,073)	(1,263)	-	(46,070)
31 December 2017	-	65,045	43,976	302,049	1,180,175	86,929	37,949	-	1,716,123
Net book value									
31 December 2016	372,625	-	97,053	897,239	1,702,354	10,252	14,088	542,265	3,635,876
31 December 2017	420,191	-	94,611	814,115	2,037,218	9,520	10,197	161,875	3,547,727
Depreciation for the year									
2016 (Baht 181 million included in manufacturing cost, and the balance in selling and administrative expenses)									219,629
2017 (Baht 179 million included in manufacturing cost, and the balance in selling and administrative expenses)									257,354

Separate financial statements

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2016	180,000	65,045	42,510	31,988	94,145	26,983	10,847	306	451,824
Additions	-	-	19,945	-	1,056	1,544	-	-	22,545
Disposal/write-off	-	-	-	-	-	(674)	(8,024)	(125)	(8,823)
Transfer in (transfer out)	-	-	-	-	-	181	-	(181)	-
31 December 2016	180,000	65,045	62,455	31,988	95,201	28,034	2,823	-	465,546
Additions	-	-	2,108	9,739	549	1,267	-	18,234	31,897
Disposal/write-off	-	-	-	-	-	(131)	(8)	-	(139)
31 December 2017	180,000	65,045	64,563	41,727	95,750	29,170	2,815	18,234	497,304
Accumulated depreciation									
1 January 2016	-	65,045	18,604	3,527	69,198	22,258	10,846	-	189,478
Depreciation for the year	-	-	3,583	1,626	2,568	2,348	1	-	10,126
Accumulated depreciation of the disposal/written-off	-	-	-	-	-	(631)	(8,024)	-	(8,655)
31 December 2016	-	65,045	22,187	5,153	71,766	23,975	2,823	-	190,949
Depreciation for the year	-	-	4,550	1,895	2,465	1,974	-	-	10,884
Accumulated depreciation of the disposal/written-off	-	-	-	-	-	(127)	(8)	-	(135)
31 December 2017	-	65,045	26,737	7,048	74,231	25,822	2,815	-	201,698
Net book value									
31 December 2016	180,000	-	40,268	26,835	23,435	4,059	-	-	274,597
31 December 2017	180,000	-	37,826	34,679	21,519	3,348	-	18,234	295,606
Depreciation for the year									
2016 (included in selling and administrative expenses)									10,126
2017 (included in selling and administrative expenses)									10,884

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2017 amounting to approximately Baht 1,107 million (2016: Baht 1,108 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 19 and Note 22.

As at 31 December 2017, subsidiaries had office equipment and vehicles under finance lease agreements with net book values amounting to Baht 7.6 million (2016: Baht 8.3 million) and hauling road and special terminal under capital lease agreement with net book values amounting to Baht 312.4 million.

As at 31 December 2017, the Company and subsidiaries had certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 290 million (2016: Baht 266 million) (the Company only: Baht 98 million (2016: Baht 95 million)).

16. Goodwill

The Company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management.

Key assumptions used in value in use calculations summarise as follows:

	(Unit: Percent per annum)
Terminal growth rate	0
Discount rate	12

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

17. Intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2016	15,903	4,519
Additions	2,720	2,533
Write-off	(429)	-
Translation adjustment	(27)	-
31 December 2016	18,167	7,052
Additions	1,594	1,437
Write-off	(607)	(601)
Translation adjustment	(319)	-
31 December 2017	18,835	7,888
Accumulated amortisation		
1 January 2016	11,156	3,797
Amortisation for the year	2,349	667
Accumulated amortisation of the written-off assets	(428)	-
Translation adjustment	(19)	-
31 December 2016	13,058	4,464
Amortisation for the year	1,705	924
Accumulated amortisation of the written-off assets	(607)	(601)
Translation adjustment	(306)	-
31 December 2017	13,850	4,787
Net book value		
31 December 2016	5,109	2,588
31 December 2017	4,985	3,101

18. Other non-current assets

Other non-current assets have been shown net of related accumulated amortisation as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred expenses - Indonesia coal mine project	316,774	344,670	-	-
Deferred stripping costs	123,315	162,584	-	-
Deferred transferred service fees according to contract	-	9,485	-	9,485
Others	21,939	62,686	3,740	3,729
Total other non-current assets	462,028	579,425	3,740	13,214
Amortisation expenses for the year	422,844	364,657	9,485	10,119

Deferred expenses - Indonesia coal mine project

A reconciliation of the net book value of deferred expenses - Indonesia coal mine project for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Exploration and evaluation assets	Deferred exploration and development costs	Total
As at 1 January 2016	39,634	363,229	402,863
Increase during the year	-	15	15
Amortisation for the year	-	(55,329)	(55,329)
Translation adjustment	(283)	(2,596)	(2,879)
As at 31 December 2016	39,351	305,319	344,670
Increase during the year	-	43,404	43,404
Amortisation for the year	-	(41,002)	(41,002)
Translation adjustment	(3,459)	(26,839)	(30,298)
As at 31 December 2017	35,892	280,882	316,774

Deferred stripping costs

A reconciliation of the net book value of deferred stripping costs for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	162,584	208,192
Increase during the year	347,628	255,089
Write-off during the year	(248)	-
Amortisation for the year	(372,357)	(299,209)
Translation adjustment	(14,292)	(1,488)
Net book value at end of year	<u>123,315</u>	<u>162,584</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 stipulate that IPJ is to receive a fee of USD 0.75 per ton of coal produced and distributed from SGP.

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

That creditor agreed to transfer such fees to the Company at a negotiated price of USD 3.75 million, or equivalent to Baht 118.3 million, with the Company making a lump sum payment. Such fees will be amortised according to the quantity of coal sold from SGP and the Company had already started amortising the fee since July 2009. In September 2017, the Company had amortised the whole amount of such fees.

On 9 February 2018, the Company and IPJ entered into agreement of transferring service fees for service provided to the concession area of SGP for 25 million tons of local produced and distributed since September 2017 at a price of USD 0.75 per ton, in accordance with the service agreement, which stipulate that IPJ is to receive such fees. IPJ agreed to transfer such fees to the Company at a negotiated price of USD 6 million or equivalent to Baht 197.1 million in which the Company will pay in 2018.

19. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(percent per annum)		Consolidated	
			financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Promissory notes	2.75 - 3.00	2.85 - 3.10	633,210	757,266
Trust receipts	2.75 - 2.85	2.85	265,858	229,371
Short-term loans from financial institution	-	3.08	-	44,913
Total			<u>899,068</u>	<u>1,031,550</u>

As at 31 December 2017 and 2016, credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 15.

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties	1,753	7,643	1,753	101,926
Trade payables - unrelated parties	462,522	392,622	39,729	32,941
Other payables - unrelated parties	92,746	81,121	3,449	1,540
Total trade and other payables	<u>557,021</u>	<u>481,386</u>	<u>44,931</u>	<u>136,407</u>

21. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements of a subsidiary as at 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	6,227	7,560
Less: Deferred interest expenses	(388)	(799)
Total	5,839	6,761
Less: Current portion	(3,255)	(2,804)
Liabilities under finance lease agreements - net of current portion	<u>2,584</u>	<u>3,957</u>

The subsidiary has entered into the finance lease agreements with leasing company for rental of office equipment and vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 3 years and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2017		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	3,560	2,667	6,227
Deferred interest expenses	(305)	(83)	(388)
Present value of future minimum lease payments	<u>3,255</u>	<u>2,584</u>	<u>5,839</u>

	(Unit: Thousand Baht)		
	As at 31 December 2016		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	3,225	4,335	7,560
Deferred interest expenses	(421)	(378)	(799)
Present value of future minimum lease payments	<u>2,804</u>	<u>3,957</u>	<u>6,761</u>

22. Long-term loan from financial institution

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

Movements in the long-term loan from financial institution during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2017	297,757
Less: Repayment during the year	<u>(180,000)</u>
Balance as at 31 December 2017	<u>117,757</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 another local bank. 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 15.

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 ratio according to the agreement such as debt to equity and debt service coverage ratio at the rate prescribed in the agreement.

As at 31 December 2017, the subsidiary could not maintain certain financial ratios as specified in the loan agreement. However, the subsidiary had obtained a waiver letter for the condition to maintain certain financial ratios for the years ended 31 December 2017 from a bank on 29 January 2018 (2016: the subsidiary could maintain certain financial ratios as specified in the long-term loan agreement). As at 31 December 2017, the long-term loan of Baht 117.8 million is current portion of long-term loan.

23. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at				
beginning of year	186,710	151,254	27,220	24,517
Included in profit or loss:				
Current service cost	21,125	22,151	1,603	1,752
Interest cost	12,553	12,617	882	951
Past service costs	(10,119)	(2,046)	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	815	-	-	-
Financial assumptions changes	6,179	10,315	-	-
Experience adjustments	2,457	(1,656)	-	-
Benefits paid during the year	(5,412)	(12,958)	-	-
Translation adjustment	(15,707)	7,033	-	-
Provision for long-term employee benefits at				
end of year	<u>198,601</u>	<u>186,710</u>	<u>29,705</u>	<u>27,220</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	69	454	-	-
Selling and administrative expenses	23,490	32,268	2,485	2,703
Total expenses recognised in profit or loss	<u>23,559</u>	<u>32,722</u>	<u>2,485</u>	<u>2,703</u>

The Company and its subsidiaries expect to pay Baht 4.1 million of long-term employee benefits during the next year (the Company only: None) (2016: Baht 14.6 million (the Company only: None)).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9 - 20 years (Separate financial statements: 20 years) (2016: 10 - 20 years, separate financial statements: 20 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.40 - 6.90	2.90 - 8.26	3.62	3.62
Salary increase rate	5.00 - 8.00	5.70 - 8.00	7.55	7.55

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements				Separate	
	The group in Thailand		The group in oversea		financial statements	
	Increase	Increase	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
Discount rate	(1,060)	1,458	(9,963)	11,185	(903)	1,288
Salary increase rate	1,862	(1,391)	11,094	(10,064)	1,487	(1,096)

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements				Separate	
	The group in Thailand		The group in oversea		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1.0%	1.0%	0.5%	0.5%
Discount rate	(1,008)	1,341	(8,161)	9,246	(923)	1,248
Salary increase rate	1,405	(1,078)	9,359	(8,386)	1,168	(913)

24. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for		Total
	Provision for mine reclamation	decommissioning costs	
As at 1 January 2016	74,507	29,968	104,475
Increase during the year	27,986	-	27,986
Decrease from actual paid	(24,806)	-	(24,806)
Translation adjustment	1,424	1,310	2,734
As at 31 December 2016	79,111	31,278	110,389
Increase (decrease) during the year	15,290	(13,906)	1,384
Decrease from actual paid	(25,656)	-	(25,656)
Translation adjustment	(7,397)	(2,907)	(10,304)
As at 31 December 2017	61,348	14,465	75,813

25. Other non-current liabilities

As at 31 December 2017, an oversea subsidiary had other long-term liability under capital lease agreement from purchase the hauling road and special terminal of USD 5.6 million or approximately Baht 182.5 million (2016: USD 7.2 million or approximately Baht 258.6 million) and portion due within one year is classified as other current liabilities of USD 1.2 million or approximately Baht 40.3 million (2016: USD 1.4 million or approximately Baht 50.3 million).

26. Statutory reserve

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

27. Provident fund

The Company and a subsidiary and their employees jointly established a provident fund, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Company and the subsidiary also contribute a certain amount. The fund, which is managed by the Bank of Ayudhaya Public Co., Ltd., will be paid to employee upon termination in accordance with the fund rules of the Company and its subsidiary. The contributions of the Company and the subsidiary for the year 2017 amounting to Baht 7.7 million (the Company only: Baht 4.7 million) (2016: Baht 7.3 million (the Company only: Baht 4.4 million)) were recognised as expenses.

28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Purchase of finished goods	1,995,713	1,456,254	1,744,346	1,376,873
Raw materials and consumables used	1,954,052	1,880,433	-	-
Changes in inventories of finished goods and work in process (increase) decrease	59,247	4,778	44,172	(132,269)
Royalty fee	1,006,223	628,376	-	-
Freight and transportation of goods expenses	654,495	528,515	102,114	93,784
Coal winning and conveyance expenses	2,681,015	2,262,814	-	-
Depreciation and amortisation expenses	681,903	586,635	21,293	20,913
Salaries, wages and other employee benefits	345,631	190,658	48,412	43,719
Management benefit expenses	182,692	154,644	43,246	40,535
Electricity and fuel expenses	101,312	63,184	6,335	5,787
Repair and maintenance expenses	63,747	59,722	6,913	6,303
Loss on exchange	19,550	-	4,923	-

29. Loss from flood event

In October 2017, it was inundated by flood, which caused the collapse of a part of the vinasse reservoirs at the subsidiary's ethanol plant, resulting in overflows of treated vinasse into a village and some related agricultural areas. The subsidiary therefore had to pay compensation and the Ministry of Industry ordered to shut down its ethanol plant temporarily in order to repair the damaged reservoirs to a safe level. The subsidiary investigated the damages and recorded losses from flood event of Baht 73.3 million in profit or loss for the year 2017. However, the subsidiary has insurance covering the damages on which it is in the process of claiming compensation from the insurance company.

30. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	486,471	136,328	16,277	28,321
Adjustment in respect of income				
tax of previous year	(164)	2,258	-	-
Withholding tax deducted at source recognised				
as expenses during the year	72,080	8,657	72,080	8,657
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(1,548)	(20,429)	(468)	(570)
Income tax expenses reported in the statement of				
 income	<u>556,839</u>	<u>126,814</u>	<u>87,889</u>	<u>36,408</u>

The amount of income tax related to each component of comprehensive income for the years ended 31 December 2017 and 2016 are as follow:

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial loss	2,504	2,593	-	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	1,775,629	540,371	841,889	373,659
Applicable tax rate	10% - 30%	10% - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	507,917	121,384	168,378	74,732
Adjustment in respect of income tax of previous year	(164)	2,258	-	-
Withholding tax deducted at source recognised as expenses during the year	72,080	8,657	72,080	8,657
Effects of:				
Promotional privileges (Note 31)	(14,734)	(28,284)	-	-
Utilisation of tax loss carried forward of previous year	(16,926)	(2,880)	-	-
Non-deductible expenses	20,955	26,756	2,798	652
Income not subject to tax	(3,982)	(4,063)	(139,263)	(45,660)
Additional expense deductions allowed	(2,201)	(359)	(1,688)	(242)
Taxable withholding tax deducted at source expenses	(14,416)	(1,731)	(14,416)	(1,731)
Others	(863)	(26)	-	-
Total	(32,167)	(10,587)	(152,569)	(46,981)
Unrecognised tax loss as deferred tax assets	8,991	5,450	-	-
Translation adjustment	182	(348)	-	-
Income tax expenses reported in the statement of income	556,839	126,814	87,889	36,408

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2017 and 2016 is presented below.

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2017	Recognise to profit or loss	Recognise to comprehensive income	Translation adjustment	As at 31 December 2017	As at 1 January 2017	Recognise to profit or loss	Recognise to comprehensive income	As at 31 December 2017
Deferred tax assets									
Provision for long-term employee benefits	53,115	5,899	2,504	(4,358)	57,160	5,444	497	-	5,941
Accumulated depreciation - ore, plant and equipment	22,749	(873)	-	(824)	21,052	13,009	-	-	13,009
Inventories	3,320	(1,036)	-	(239)	2,045	-	-	-	-
Government grants	4,148	729	-	-	4,877	-	-	-	-
Capital lease	5,075	(7,173)	-	(258)	(2,356)	-	-	-	-
Others	1,695	(633)	-	-	1,062	343	(29)	-	314
Total	90,102	(3,087)	2,504	(5,679)	83,840	18,796	468	-	19,264
Deferred tax liabilities									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	116,066	(4,635)	-	(9,936)	101,495	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
Total	119,487	(4,635)	-	(9,936)	104,916	-	-	-	-
Deferred tax assets (liabilities) - net					(21,076)				19,264
Deferred tax assets					22,876				19,264
Deferred tax liabilities					43,952				-
Deferred tax assets (liabilities) - net					(21,076)				19,264

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2016	Recognise to profit or loss	Recognise to comprehensive income other	Translation adjustment	As at 31 December 2016	As at 1 January 2016	Recognise to profit or loss	Recognise to comprehensive income other	As at 31 December 2016
Deferred tax assets									
Provision for long-term employee benefits	42,888	7,717	2,593	(83)	53,115	4,903	541	-	5,444
Accumulated depreciation - ore, plant and equipment	23,920	(1,044)	-	(127)	22,749	13,009	-	-	13,009
Inventories	4,652	(1,505)	-	173	3,320	-	-	-	-
Government grants	4,732	(584)	-	-	4,148	-	-	-	-
Capital lease	-	5,075	-	-	5,075	-	-	-	-
Others	1,422	273	-	-	1,695	314	29	-	343
Total	77,614	9,932	2,593	(37)	90,102	18,226	570	-	18,796
Deferred tax liabilities									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	127,198	(10,497)	-	(635)	116,066	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
Total	130,619	(10,497)	-	(635)	119,487	-	-	-	18,796
Deferred tax assets (liabilities) - net					(29,385)				
Deferred tax assets					22,011				18,796
Deferred tax liabilities					(51,396)				-
Deferred tax assets (liabilities) - net					(29,385)				18,796

As at 31 December 2017, the subsidiaries has unused tax losses totaling Baht 40.8 million (2016: Baht 141.3 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax loss amounting to Baht 40.8 million will expire by year 2022.

31. Promotional privileges

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

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

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

The subsidiary's operating revenues for the years ended 31 December 2017 and 2016 were domestic sales, which were divided between promoted and non-promoted operations, are summarised below:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Revenues from sales		
Promoted operations	1,461,624	1,507,508
Non-promoted operations	1,008,895	907,567
Total	<u>2,470,519</u>	<u>2,415,075</u>

32. Earnings per share

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

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

	Consolidated		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)	729,441	271,453	754,000	337,251
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	1.39	0.52	1.44	0.64

33. Dividend paid

Dividends paid by the Company and its subsidiaries for the years ended 31 December 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
The interim dividend in respect of operation income for the period from January to June 2017	Board of Directors' meeting on 16 October 2017	210,000	0.40	15 November 2017
Total		<u>362,250</u>	<u>0.69</u>	
<u>2016</u>				
Final dividends for 2015	Annual General Meeting of the shareholders on 25 April 2016	210,000	0.40	16 May 2016
The interim dividend in respect of operation income for the period from January to June 2016	Board of Directors' meeting on 17 October 2016	183,750	0.35	16 November 2016
Total		<u>393,750</u>	<u>0.75</u>	

In addition, the Annual General Meeting of the shareholders for 2017 approved to set aside a general reserve of Baht 1.3 million (2016: Baht 11.1 million).

Local subsidiary

Thai Agro Energy Public Company Limited

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2017</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2016	Annual General Meeting of the shareholders on 24 April 2017	50,000	0.05	23 May 2017
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2017	Board of Directors' meeting on 17 August 2017	100,000	0.10	15 September 2017
Total		<u>150,000</u>	<u>0.15</u>	
<u>2016</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2015	Annual General Meeting of the shareholders on 18 April 2016	50,000	0.05	18 May 2016
The interim dividend in respect of operation income from BOI promoted operation for the period from January to 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>	

During the year 2017, the Company received dividend income at 51 percent for a total of Baht 76.5 million (2016: Baht 76.5 million).

Overseas subsidiaries

PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<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
The second interim dividend for 2017	Board of Directors' meeting on 29 November 2017	10,000	1,250	12 December 2017
Total		26,000	3,250	
<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
The second interim dividend for 2016	Board of Directors' meeting on 4 November 2016	2,400	300	11 November 2016
Total		6,000	750	

During the year 2017, the Company received dividend income at 55 percent for a total of USD 14.3 million or equivalent to Baht 475.1 million. The Company had been withheld the withholding tax deducted at source of Baht 35.6 million (2016: dividend income of USD 3.3 million or equivalent to Baht 115.4 million. The Company had been withheld the withholding tax deducted at source of Baht 8.7 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
The second interim dividend for 2017	Board of Directors' meeting on 29 November 2017	1,988	250	12 December 2017
Total		<u>5,964</u>	<u>750</u>	

During the year 2017, the Company received dividend income at 65 percent for a total of USD 3.9 million or equivalent to Baht 128.4 million. The Company had been withheld the withholding tax deducted at source of Baht 25.7 million.

34. Segment information

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

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

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

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

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

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

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	For the years ended 31 December														
	Domestic				Overseas				Domestic				Adjustments and		
	coal business		other business		coal business		other business		Ethanol business		other business		eliminations		Consolidated
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from external customers	1,942	1,479	7,667	4,868	2,471	2,415	-	-	12,080	8,762	-	-	12,080	8,762	
Inter-segment revenue	215	182	373	246	-	-	-	-	588	428	(588)	(428)	-	-	
Interest income	14	9	14	13	-	-	-	-	28	22	(5)	-	23	22	
Interest expenses	-	-	36	12	33	38	-	-	69	50	(5)	-	64	50	
Depreciation and amortisation	21	21	516	441	147	125	-	-	684	587	(2)	-	682	587	
Share of profit from investment in associated company accounted for by the equity method	19	18	-	-	-	-	-	-	19	18	-	-	19	18	
Income tax expenses	88	36	469	78	-	13	-	-	557	127	-	-	557	127	
Segment profit	417	385	3,771	1,685	251	303	-	-	4,439	2,373	(207)	(172)	4,232	2,201	
Segment total assets	2,847	2,530	3,947	3,711	2,830	3,225	7	2	9,631	9,468	(856)	(937)	8,775	8,531	
Investment in associated company accounted for by equity method	28	25	-	-	-	-	-	-	28	25	-	-	28	25	
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	12	(17)	(295)	244	85	27	-	-	(198)	254	-	-	(198)	254	

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Revenue from external customers		
Thailand	5,163,230	4,380,852
India	3,498,266	2,727,112
Singapore	1,107,034	-
South Korea	339,098	388,016
China	312,629	114,966
Australia	88,815	-
Others	1,571,115	1,150,608
Total	<u>12,080,187</u>	<u>8,761,554</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,951,233	2,851,504
Indonesia	1,396,450	1,691,158
Total	<u>4,347,683</u>	<u>4,542,662</u>

Major customers

During the year 2017, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 4,617 million and Baht 1,506 million, arising from sales by the overseas coal business and domestic coal business, respectively (2016: Baht 1,759 million and Baht 1,203 million derived from 3 major customers, arising from sales by the overseas coal business and domestic coal business, respectively).

35. Significant contracts and agreements

35.1 In 1998, PT. Lanna Harita Indonesia had been granted the right under a Coal Contract of Work ("CCOW") from the Indonesian government to explore for and exploit coal for a period of thirty years in a total survey area of 30,018 hectares in Tanah Merah in Samarinda and Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract.

35.2 In 1997, PT. Singlurus Pratama was granted the right under a Coal Contract of Work (“CCOW”) from the Indonesian government to explore for and exploit coal for a period of thirty years beginning at the commencement of the first mining operation in a total survey area of 24,760 hectares in Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract.

In February 2009, the subsidiary received the consent from Indonesian government to start the production activities.

35.3 On 20 May 2009, PT. Singlurus Pratama entered into the marketing and technical service agreements with the Company and entered into assistance service agreement with a company in Indonesia. The service fees are charged on the basis and at the rates as stipulated in the agreements.

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.

36. Commitments and contingent liabilities

36.1 Capital commitments

As at 31 December 2017, the Company and a subsidiary had capital commitments of Baht 14.3 million relating to the construction of the Company’s jetty and the subsidiary’s Vinasse Evaporation Reservoirs (2016: Baht 43.4 million relating to the construction of the company’s jetty and the subsidiary’s Bio Scrubber and Biogas Burner).

36.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, vehicles and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2017 and 2016, future minimum payment under these lease and service agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
In up to 1 year	33	22	12	11
In over 1 and up to 5 years	43	31	20	28

36.3 Long-term service and purchase commitments

- a) The Company and its subsidiaries had commitments under several service agreements in respect of the security service, car maintenance service and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2017 and 2016, future minimum payments under these agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
In up to 1 year	2.1	2.0	0.9	1.0
In over 1 year and up to 5 years	1.8	2.0	1.8	2.0

- b) The Company and its subsidiaries had commitments under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 17.3 million (the Company only: Baht 17.2 million) (2016: Baht 9 million (the Company only: Baht 9 million)).
- c) The Company had commitments 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 agreement.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary had commitments under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase and sales of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-years duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.

36.4 Coal supply agreement commitments

PT. Lanna Harita Indonesia and PT. Singlurus Pratama have coal supply commitments to domestic customers in accordance with the Domestic Market Obligation regulation required by the Indonesian government.

36.5 Guarantees

As at 31 December 2017, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million, Rupiah 41,328 million and USD 0.1 million (the Company only: Baht 0.9 million) (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 for using of electric to the Provincial Electricity Authority.

37. Litigation

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

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

38. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 December 2017

	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
Asset measured at fair value				
Held for trade investments -				
Debt instruments	504,292	504,29	496,066	496,066
Assets for which fair value are disclosed				
Investment property	32,423	32,423	32,423	32,423

(Unit: Million Baht)

As at 31 December 2016

	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
Asset measured at fair value				
Held for trade investments -				
Debt instruments	232,806	232,806	229,525	229,525
Assets for which fair value are disclosed				
Investment property	32,423	32,423	32,423	32,423

39. Financial instruments

39.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2017						
	Fixed interest rates within 1 year	Fixed interest rates 1 - 5 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash and cash equivalents	522	-	595	11	1,128	0.10 - 7.50
Current investments	330	-	-	504	834	1.30 - 1.70
Trade and other receivables	-	-	-	1,268	1,268	-
Restricted bank deposits	86	-	-	-	86	4.25 - 7.50
	<u>938</u>	<u>-</u>	<u>595</u>	<u>1,783</u>	<u>3,316</u>	
Financial liabilities						
Short-term loans from financial institutions	-	-	899	-	899	2.75 - 3.00
Trade and other payables	-	-	-	557	557	-
Liabilities under finance lease agreements	3	3	-	-	6	0.27 - 15.32
Long-term loan	-	-	118	-	118	THBFIX+1.95
	<u>3</u>	<u>3</u>	<u>1,017</u>	<u>557</u>	<u>1,580</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates within 1 year	Fixed interest rates 1 - 5 year	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash and cash equivalents	342	-	356	-	698	0.10 - 7.50
Current investments	400	-	-	233	633	1.50 - 1.70
Trade and other receivables	-	-	-	617	617	-
Restricted bank deposits	79	-	-	-	79	0.50 - 7.25
	<u>821</u>	<u>-</u>	<u>356</u>	<u>850</u>	<u>2,027</u>	
Financial liabilities						
Short-term loans from financial institutions	45	-	987	-	1,032	2.85 - 3.10
Trade and other payables	-	-	-	481	481	-
Liabilities under finance lease agreements	3	4	-	-	7	2.29 - 15.32
Long-term loan	-	-	298	-	298	THBFIX+1.90
	<u>48</u>	<u>4</u>	<u>1,285</u>	<u>481</u>	<u>1,818</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	100	162	-	262	0.10 - 1.30
Current investments	330	-	496	826	1.30 - 1.70
Trade and other receivables	-	-	197	197	-
	<u>430</u>	<u>162</u>	<u>693</u>	<u>1,285</u>	
Financial liabilities					
Trade and other payables	-	-	45	45	-
	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2016					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	50	33	-	83	0.10 - 1.40
Current investments	400	-	230	630	1.50 - 1.70
Trade and other receivables	-	-	203	203	-
	<u>450</u>	<u>33</u>	<u>433</u>	<u>916</u>	
Financial liabilities					
Trade and other payables	-	-	136	136	-
	<u>-</u>	<u>-</u>	<u>136</u>	<u>136</u>	

Foreign currency risk

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

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

As at 31 December 2017				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 December 2017 (Baht per 1 foreign currency unit)	
			Buying rate	Selling rate
US dollar	7.9	0.1	32.5146	32.8472

As at 31 December 2016				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 December 2016 (Baht per 1 foreign currency unit)	
			Buying rate	Selling rate
US dollar	3.5	2.8	35.6588	36.0025

As at 31 December 2016, the Company had buying contract totaling USD 1.5 million at rate of 35.6150 - 35.9550 which expire within January 2017.

39.2 Fair values of financial instruments

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

40. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.49:1 (2016: 0.47:1) and the Company's debt-to-equity ratio was 0.04:1 (2016: 0.09:1).

41. Event after the reporting period

The Company

On 16 February 2018, the Company entered into the coal screening plant construction in Ayutthaya of Baht 19.8 million.

The local subsidiary

On 15 February 2018, the meeting of the subsidiary's Board of Directors passed a resolution to approve the payment of dividend in respect of operating income from BOI promoted operation for the year 2017 to the subsidiary's shareholders for 1,000 million shares of Baht 0.15 per share, or a total of Baht 150 million. The interim dividends were paid on 15 September 2017 of Baht 0.10 per share, amounting to Baht 100 million, and there is the remaining dividend of Baht 0.05 per share, amounting to Baht 50 million. Such resolution will later be proposed for approval in the 2018 Annual General Meeting of the subsidiary's shareholders.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 20 February 2018.