

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and six-month periods ended
30 June 2018



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 30 June 2018, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2018, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to Note 3 to the interim financial statements which describes the prior year's adjustment regarding deferred tax liabilities. The Company has therefore restated the consolidated financial statements for the year ended 31 December 2017, presented as comparative information, to reflect this adjustment. My conclusion is not qualified in respect of this matter.

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 10 August 2018

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements	
		30 June 2018	31 December 2017	1 January 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited/ Restated)		(Unaudited but reviewed)	(Audited)
Assets						
Current assets						
Cash and cash equivalents	5	956,373	1,128,070	698,170	194,443	261,622
Current investments	6	609,084	834,292	632,806	602,441	826,066
Trade and other receivables	4, 7	1,180,807	1,268,274	616,555	316,156	197,347
Inventories		717,264	392,756	460,386	152,791	184,235
Input tax refundable		626,784	606,959	805,566	1,723	9,761
Prepaid income tax		36,981	25,329	131,525	13,582	-
Advance payments for goods	4, 8	333,428	56,890	585,797	74,272	60,272
Other current financial assets		117,488	91,468	35,024	3,605	2,308
Total current assets		4,578,209	4,404,038	3,965,829	1,359,013	1,541,611
Non-current assets						
Restricted bank deposits	5	119,267	86,447	78,608	-	-
Investments in subsidiaries	9	-	-	-	764,538	764,538
Investment in associated company	10	34,827	28,073	25,221	891	891
Advance payment for share subscription	11	191,223	-	-	191,223	-
Investment properties		32,423	32,423	32,423	32,423	32,423
Property, plant and equipment	12	3,757,346	3,547,727	3,635,876	293,996	295,606
Goodwill		186,000	186,000	186,000	-	-
Intangible assets	13	183,801	4,985	5,109	180,850	3,101
Deferred tax assets		22,187	22,877	22,011	19,527	19,264
Other non-current assets	14	504,606	462,028	579,425	3,740	3,740
Total non-current assets		5,031,680	4,370,560	4,564,673	1,487,188	1,119,563
Total assets		9,609,889	8,774,598	8,530,502	2,846,201	2,661,174

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 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements	
		30 June 2018	31 December 2017	1 January 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited/ Restated)		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	15	1,482,698	899,068	1,031,550	-	-
Trade and other payables	4, 16	632,902	557,021	481,386	32,990	44,931
Current portion of liabilities under finance lease agreements		2,734	3,255	2,805	-	-
Current portion of long-term loan from financial institution	17	27,757	117,757	180,000	-	-
Accrued expenses		262,508	283,483	151,378	9,607	25,458
Income tax payable		173,254	378,674	25,405	-	-
Other current liabilities		255,241	136,869	122,790	36,932	11,857
Total current liabilities		2,837,094	2,376,127	1,995,314	79,529	82,246
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion		1,568	2,584	3,957	-	-
Long-term loan from financial institution - net of current portion	17	150,830	-	117,757	-	-
Provision for long-term employee benefits		205,826	198,601	186,709	31,022	29,705
Provision for mine reclamation and decommissioning costs		78,784	75,813	110,389	-	-
Deferred tax liabilities		120,247	130,765	51,396	-	-
Other non-current liabilities		123,286	182,514	258,620	-	-
Total non-current liabilities		680,541	590,277	728,828	31,022	29,705
Total liabilities		3,517,635	2,966,404	2,724,142	110,551	111,951

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 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	30 June 2018	31 December 2017	1 January 2017	30 June 2018	31 December 2017
	(Unaudited but reviewed)	(Audited/ Restated)		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400	680,400
Retained earnings					
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500	52,500
Appropriated - General reserve	1,044,500	747,300	746,000	1,044,500	747,300
Unappropriated	2,131,807	2,195,917	1,920,661	433,250	544,023
Other components of shareholders' equity	74,150	50,980	193,990	-	-
Equity attributable to owners of the Company	4,508,357	4,252,097	4,118,551	2,735,650	2,549,223
Non-controlling interests of the subsidiaries	1,583,897	1,556,097	1,687,809	-	-
Total shareholders' equity	6,092,254	5,808,194	5,806,360	2,735,650	2,549,223
Total liabilities and shareholders' equity	9,609,889	8,774,598	8,530,502	2,846,201	2,661,174

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

Directors

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the three-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales	4	3,374,087	2,906,867	308,266	498,581
Commission and marketing service income	4	-	-	45,622	37,420
Other income					
Dividend income	4, 9	-	-	181,486	143,566
Service income	4	-	-	8,969	7,561
Gain on exchange		-	-	13,521	-
Interest income		5,540	5,024	2,063	3,290
Others		7,265	2,550	5,323	1,008
Total other income		12,805	7,574	211,362	155,425
Total revenues		3,386,892	2,914,441	565,250	691,426
Expenses					
Cost of sales	4	2,139,671	1,985,926	279,245	451,572
Selling and distribution expenses		550,294	423,347	35,146	41,933
Administrative expenses		99,817	126,581	32,300	28,543
Loss on exchange		13,970	1,214	-	15
Total expenses		2,803,752	2,537,068	346,691	522,063
Profit before share of profit from investment in associated company, finance cost and income tax expenses		583,140	377,373	218,559	169,363
Share of profit from investment in associated company	10	2,686	5,145	-	-
Profit before finance cost and income tax expenses		585,826	382,518	218,559	169,363
Finance cost		(17,470)	(18,140)	-	-
Profit before income tax expenses		568,356	364,378	218,559	169,363
Income tax expenses	19	(183,211)	(86,480)	(31,373)	(16,254)
Profit for the period		385,145	277,898	187,186	153,109
Profit attributable to:					
Equity holders of the Company		222,354	161,220	187,186	153,109
Non-controlling interests of the subsidiaries		162,791	116,678	-	-
		385,145	277,898		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.42	0.31	0.36	0.29

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 June 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	<u>385,145</u>	<u>277,898</u>	<u>187,186</u>	<u>153,109</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>136,568</u>	<u>(35,001)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>136,568</u>	<u>(35,001)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>136,568</u>	<u>(35,001)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>521,713</u>	<u>242,897</u>	<u>187,186</u>	<u>153,109</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>308,407</u>	<u>139,475</u>	<u>187,186</u>	<u>153,109</u>
Non-controlling interests of the subsidiaries	<u>213,306</u>	<u>103,422</u>		
	<u>521,713</u>	<u>242,897</u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the six-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales	4	6,437,032	5,687,556	681,921	967,548
Commission and marketing service income	4	-	-	83,624	70,254
Other income					
Dividend income	4, 9	-	-	453,172	257,417
Service income	4	-	-	16,753	12,373
Gain on exchange		-	782	7,684	-
Interest income		11,600	9,888	5,116	5,079
Others		14,222	20,997	6,594	12,925
Total other income		25,822	31,667	489,319	287,794
Total revenues		6,462,854	5,719,223	1,254,864	1,325,596
Expenses					
Cost of sales	4	4,010,473	3,898,396	604,039	888,065
Selling and distribution expenses		1,026,391	794,491	75,240	84,403
Administrative expenses		184,137	253,224	56,830	50,442
Loss from flood event	18	2,251	-	-	-
Loss on exchange		31,669	-	-	4,549
Total expenses		5,254,921	4,946,111	736,109	1,027,459
Profit before share of profit from investment in associated company, finance cost and income tax expenses					
Share of profit from investment in associated company	10	6,754	8,660	-	-
Profit before finance cost and income tax expenses		1,214,687	781,772	518,755	298,137
Finance cost		(32,128)	(35,748)	-	-
Profit before income tax expenses		1,182,559	746,024	518,755	298,137
Income tax expenses	19	(359,009)	(205,416)	(85,578)	(26,535)
Profit for the period		823,550	540,608	433,177	271,602
Profit attributable to:					
Equity holders of the Company		479,840	301,617	433,177	271,602
Non-controlling interests of the subsidiaries		343,710	238,991	-	-
		823,550	540,608		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.91	0.57	0.83	0.52

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	<u>823,550</u>	<u>540,608</u>	<u>433,177</u>	<u>271,602</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>35,234</u>	<u>(131,870)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>35,234</u>	<u>(131,870)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>35,234</u>	<u>(131,870)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>858,784</u>	<u>408,738</u>	<u>433,177</u>	<u>271,602</u>
Total comprehensive income attributable to:				
Equity holders of the Company	503,010	219,240	<u>433,177</u>	<u>271,602</u>
Non-controlling interests of the subsidiaries	<u>355,774</u>	<u>189,498</u>		
	<u>858,784</u>	<u>408,738</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
 For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
Other components of shareholders' equity												
Note	Issued and paid up share capital	Share premium	Retained earnings			Unappropriated reserve	Surplus on change in the percentage of shareholding in subsidiary financial statements in foreign currency	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
			Appropriated	Statutory reserve	General reserve							
	525,000	680,400	52,500	746,000	1,920,661	117,485	75,949	556	193,990	4,118,551	1,687,809	5,806,360
	-	-	-	-	301,617	(82,377)	-	-	(82,377)	301,617	238,991	540,608
	-	-	-	-	301,617	(82,377)	-	-	(82,377)	(82,377)	(49,483)	(131,870)
21	-	-	-	-	-	(82,377)	-	-	(82,377)	219,240	189,498	408,738
	-	-	-	-	(152,250)	-	-	-	-	(152,250)	-	(152,250)
21	-	-	-	1,300	(1,300)	-	-	-	-	-	-	-
	525,000	680,400	52,500	747,300	2,068,728	35,108	75,949	556	111,613	4,185,541	1,675,285	5,860,826
	-	-	-	-	-	-	-	-	-	-	(202,022)	(202,022)
	525,000	680,400	52,500	747,300	2,282,730	(25,525)	75,949	556	50,980	4,338,910	1,556,097	5,895,007
	-	-	-	-	(86,813)	-	-	-	-	(86,813)	-	(86,813)
3	525,000	680,400	52,500	747,300	2,195,917	(25,525)	75,949	556	50,980	4,252,097	1,556,097	5,808,194
	-	-	-	-	479,840	-	-	-	-	479,840	343,710	823,550
	-	-	-	-	-	23,170	-	-	23,170	23,170	12,064	35,234
21	-	-	-	-	479,840	23,170	-	-	23,170	503,010	355,774	858,784
	-	-	-	-	(246,750)	-	-	-	-	(246,750)	-	(246,750)
21	-	-	-	297,200	(297,200)	-	-	-	-	-	-	-
	525,000	680,400	52,500	1,044,500	2,131,807	(2,355)	75,949	556	74,150	4,508,357	1,563,897	6,092,254

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Note	Separate financial statements					Total shareholders' equity
		Issued and paid up share capital	Share premium	Retained earnings		Unappropriated	
				Statutory reserve	General reserve		
Balance as at 31 December 2016		525,000	680,400	52,500	746,000	153,572	2,157,472
Profit for the period		-	-	-	-	271,602	271,602
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-
Dividend paid	21	-	-	-	-	271,602	271,602
Unappropriated retained earnings transferred to general reserve		-	-	-	1,300	(152,250)	(152,250)
Balance as at 30 June 2017	21	525,000	680,400	52,500	747,300	(1,300)	2,276,824
Balance as at 31 December 2017		525,000	680,400	52,500	747,300	544,023	2,549,223
Profit for the period		-	-	-	-	433,177	433,177
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-
Dividend paid	21	-	-	-	-	433,177	433,177
Unappropriated retained earnings transferred to general reserve		-	-	-	297,200	(246,750)	(246,750)
Balance as at 30 June 2018	21	525,000	680,400	52,500	1,044,500	(297,200)	2,735,650

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statements

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	1,182,559	746,024	518,755	298,137
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	313,620	377,727	14,197	11,215
Reversal of reduction of inventories to net realisable value	(555)	(3,867)	-	-
Gain on disposals and change in value of investments in trading securities	(2,072)	(2,046)	(2,030)	(1,988)
Share of profit from investment in associated company	(6,754)	(8,660)	-	-
Write-off of input tax refundable and prepaid income tax	1,931	40,750	-	-
Loss on write-off of equipment	653	535	-	-
Gain on disposals of equipment	(707)	(454)	(12)	(4)
Write-back of dividend payable	(80)	(4,164)	(80)	(4,164)
Dividend income	-	-	(453,172)	(257,417)
Provision for long-term employee benefits	17,661	16,874	1,317	1,242
Provision for mine reclamation and decommissioning costs (reversal)	7,570	(7,512)	-	-
Unrealised loss (gain) on exchange	18,700	(16,422)	(3,240)	5,139
Interest income	(11,600)	(9,888)	(5,116)	(5,079)
Interest expenses	32,063	35,680	-	-
Profit from operating activities before changes in operating assets and liabilities	1,552,989	1,164,577	70,619	47,081
Operating assets (increase) decrease				
Trade and other receivables	85,434	(431,086)	32,505	(43,037)
Inventories	(323,953)	(216,392)	31,444	11,430
Input tax refundable	(38,419)	386,208	8,038	6,690
Advance payments for goods	(273,798)	492,240	(11,259)	(8,442)
Other current assets	(26,020)	(25,299)	(1,297)	(1,051)
Operating liabilities increase (decrease)				
Trade and other payables	36,932	(55,156)	(9,931)	(23,644)
Accrued expenses	(13,305)	59,347	(9,915)	(4,489)
Other current liabilities	(33,084)	38,776	(8,592)	(2,306)
Cash paid for long-term employee benefits	(5,634)	(2,934)	-	-
Cash paid for mine reclamation	(10,646)	(13,725)	-	-
Cash from (used in) operating activities	950,496	1,396,556	101,612	(17,768)
Interest income	13,633	9,696	10,292	3,229
Cash paid for interest expenses	(18,757)	(18,905)	-	-
Refund of income tax	1,605	56,937	-	-
Cash paid for income tax	(571,056)	(89,650)	(65,676)	(28,889)
Net cash from (used in) operating activities	375,921	1,354,634	46,228	(43,428)

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Decrease in current investments	227,280	283	225,655	153
Increase in restricted bank deposits	(31,534)	(55,182)	-	-
Dividend received from subsidiaries	-	-	297,186	257,417
Proceed from disposals of equipment	758	1,024	15	4
Acquisitions of property, plant and equipment	(283,954)	(176,459)	(6,348)	(23,566)
Acquisitions of computer software	(1,364)	(1,424)	(25)	(1,385)
Cash paid for transferring service fees	(191,939)	-	(191,939)	-
Cash paid for advance payment for share subscription	(191,223)	-	(191,223)	-
Increase in other non-current assets	(208,218)	(213,909)	-	(10)
Net cash from (used in) investing activities	(680,194)	(445,667)	133,321	232,613
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	583,630	(174,782)	-	-
Cash paid for liabilities under finance lease agreements	(1,706)	(1,647)	-	-
Cash paid for liabilities under capital lease agreement	(65,476)	-	-	-
Cash received from long-term loan from financial institution	150,830	-	-	-
Repayment of long-term loan from financial institution	(90,000)	(90,000)	-	-
Dividend paid	(465,310)	(354,272)	(246,750)	(152,250)
Increase (decrease) in non-controlling interests of the subsidiaries	12,064	(49,493)	-	-
Net cash from (used in) financing activities	124,032	(670,194)	(246,750)	(152,250)
Increase in translation adjustments	8,522	16,560	-	-
Net increase (decrease) in cash and cash equivalents	(171,719)	255,333	(67,201)	36,935
Cash and cash equivalents at beginning of period	1,128,070	698,170	261,622	82,502
Effect of change in foreign exchange rate on cash at bank balance	22	(8)	22	(8)
Cash and cash equivalents at end of period (Note 5)	956,373	953,495	194,443	119,429
Supplemental cash flows information:				
Non-cash transactions from investing activities				
Dividend receivable from subsidiaries	-	-	155,986	-
Payables from purchases of plant and equipment and intangible assets	75,586	16,344	124	6,016
Transfer equipment to intangible assets	10	-	10	-
Acquisitions of equipment under finance lease agreements	-	1,701	-	-
Non-cash transactions from financing activities				
Dividend payable to non-controlling interests of subsidiaries	109,414	-	-	-

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

Lanna Resources Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These interim consolidated financial statements included the financial statements of Lanna Resources Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no change in the composition of the Group during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the 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 adoption of the revised financial reporting standards and interpretations does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

3. Prior year's adjustment

During the current period, the management of the Company considered the recognition of deferred tax liabilities in relation to the divestment of investments in subsidiaries as discussed in Note 9 and found that in prior year the Company had under recorded the deferred tax liabilities. Therefore, the Company retroactively adjusted the consolidated financial statements for the year ended 31 December 2017, presented as comparative information, to reflect the effect of the adjustment whereby such adjustment had no effect to the consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2017 and the consolidated statement of financial position as at 1 January 2017, presented as comparative information. The effect of such adjustment had been separately presented in the consolidated statement of changes in shareholders' equity.

The amounts of adjustment affecting the consolidated statement of financial position as at 31 December 2017 are summarised below.

(Unit: Thousand Baht)

Consolidated statements of financial position

Increase in deferred tax liabilities	86,813
Decrease in unappropriated retained earnings	(86,813)

4. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	181,486	143,566
Commission and marketing service income	-	-	45,622	37,420
Service income	-	-	8,969	7,561
Interest income	-	-	-	1,654
Purchase of coal	-	-	-	155,867
<u>Transactions with major shareholder</u>				
Sales of coal	-	405,205	-	405,205
<u>Transactions with associated company</u>				
Purchase of coal	77,482	167,352	77,482	167,352
Freight charge	37,513	48,488	37,513	48,488
<u>Transactions with related company</u>				
Sales of coal	216,683	-	216,683	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	453,172	257,417
Commission and marketing service income	-	-	83,624	70,254
Service income	-	-	16,753	12,373
Interest income	-	-	805	1,654
Purchase of coal	-	-	-	229,088
<u>Transactions with major shareholder</u>				
Sales of coal	162,946	769,774	162,946	769,774
<u>Transactions with associated company</u>				
Purchase of coal	238,672	415,377	238,672	415,377
Freight charge	84,522	74,044	84,522	74,044
<u>Transactions with related company</u>				
Sales of coal	311,394	-	311,394	-

Transfer pricing policy

Sales of coal	Market price at which equivalent quality coal is sold to the same industry
Purchase of coal	Market price for equivalent quality coal
Commission and marketing service income	At the price agreed between the parties which is general price for the same business
Service income	Rate comparable paid to third parties
Dividend income	At the declared rate
Interest income	At the rate agreed between the parties
Freight charge	Price comparable to freight charges paid to third parties

(Unaudited but reviewed)

As at 30 June 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade and other receivables - related parties</u>				
(Note 7)				
Major shareholder	-	79,542	-	79,542
Subsidiaries	-	-	176,760	48,157
Related company (related by common shareholder and/or common directors)	90,103	-	90,103	-
Total trade and other receivables - related parties	90,103	79,542	266,863	127,699
<u>Advance payments for goods - related party</u>				
(Note 8)				
Subsidiary company	-	-	-	60,272
Associate company	11,837	-	11,837	-
Total advance payment for goods - related party	11,837	-	11,837	60,272
<u>Trade and other payables - related party</u>				
(Note 16)				
Associated company	815	1,753	815	1,753
Total trade and other payables - related party	815	1,753	815	1,753

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	44,010	40,207	12,990	10,968
Post-employment benefits	7,534	5,923	285	269
Total	51,544	46,130	13,275	11,237

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	73,572	66,868	19,122	16,851
Post-employment benefits	11,691	10,311	570	538
Total	85,263	77,179	19,692	17,389

5. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Cash	170	149	40	40
Bank deposits	930,470	1,114,368	49,403	161,582
Investments in bill of exchange	145,000	100,000	145,000	100,000
Total	1,075,640	1,214,517	194,443	261,622
Less: Restricted bank deposits	(119,267)	(86,447)	-	-
Total	956,373	1,128,070	194,443	261,622

As at 30 June 2018, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 6.0 percent per annum (31 December 2017: between 0.1 and 7.5 percent per annum).

As at 30 June 2018, the overseas subsidiaries have restricted bank deposits of USD 3.6 million or approximately Baht 119.3 million (31 December 2017: USD 2.6 million or approximately Baht 86.4 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 24.5.

(Unaudited but reviewed)

6. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Investments in trading securities - fair value	534,084	504,292	527,441	496,066
Fixed deposit	-	100,000	-	100,000
Investments in bills of exchange	75,000	230,000	75,000	230,000
Total	609,084	834,292	602,441	826,066

As at 30 June 2018, the Company had current investments in the form of fixed deposits and bills of exchange amounting to Baht 75 million (31 December 2017: Baht 330 million) carried interests between 1.2 and 1.3 percent per annum (31 December 2017: between 1.3 and 1.7 percent per annum) and due for redemption within August.

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	90,103	79,542	106,097	95,060
Past due				
Up to 3 months	-	-	-	11,097
Total trade receivables - related parties	90,103	79,542	106,097	106,157
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	1,046,521	1,163,445	47,351	56,235
Past due				
Up to 3 months	29,436	10,002	-	10,002
Up to 6 months	7,734	-	-	-
Total trade receivables - unrelated parties	1,083,691	1,173,447	47,351	66,237
Total trade receivables	1,173,794	1,252,989	153,448	172,394

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Other receivables</u>				
Other receivables - related parties	-	-	4,780	18,363
Other receivables - unrelated parties	5,261	11,913	265	150
Advances	717	304	717	304
Interest receivable - related parties	-	-	-	3,179
Interest receivable - unrelated parties	1,035	3,068	960	2,957
Dividend receivable from related parties	-	-	155,986	-
Total other receivables	7,013	15,285	162,708	24,953
Total trade and other receivables	1,180,807	1,268,274	316,156	197,347

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 30 June 2018, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 197.6 million (31 December 2017: Rupiah 90,000 million or approximately Baht 228.6 million) were placed to secure such credit facilities.

8. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Advance payments for goods - related parties	11,837	-	11,837	60,272
Advance payments for goods - unrelated parties	321,591	56,890	62,435	-
Total advance payments for goods	333,428	56,890	74,272	60,272

A local subsidiary had significant business transactions with local companies in respect of purchases of molasses and raw sugar under the purchase of molasses and raw sugar agreement. To comply with the conditions in the agreements, as at 30 June 2018, the subsidiary had outstanding advance payments for purchase of molasses and raw sugar amounting to Baht 247.7 million (31 December 2017: Baht 38.4 million).

(Unaudited but reviewed)

9. Investments in subsidiaries

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

Company	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividends received for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Local subsidiaries								
Lanna Power Generation Company Limited	Baht 10 million	Baht 10 million	100.00	100.00	10,000	10,000	-	-
Thai Agro Energy Public Company Limited	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	25,500	25,000
Overseas subsidiaries								
PT. Lanna Mining Services (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626	18,626	165,932	43,688
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	261,740	188,229
Total					764,538	764,538	453,172	257,417

During the current period, PT. Singlurus Pratama ("SGP") and PT. Lanna Harita Indonesia ("LHI") sign amendment to each of their coal mining concession or the Coal Contract of Work ("CCOW") with the Ministry of Energy and Mineral Resources in respect of divestment obligation to reduce the proportion of foreign or non-Indonesian shareholding to not more than 49 percent of the paid up capital. The Company has to completely reduce such divestment within October 2019. After the divestment, the Company will have the percentage of shareholding in SGP and LHI at 49 percent and 41.4615 percent, respectively.

10. Investment in associated company

(Unit: Thousand Baht)

Company	Nature of business	Relationship	Paid up capital		Shareholding percentage		Carrying amounts based on equity method		Cost	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
					(%)	(%)				
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	Direct holding	SGD 0.1 million	SGD 0.1 million	49	49	34,827	28,073	891	891
Total							34,827	28,073	891	891

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and six-month periods ended 30 June 2018 of approximately Baht 2.7 million and Baht 6.8 million (2017: Baht 5.1 million and Baht 8.7 million) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

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

11. Advance payment for share subscription

On 8 March 2018, the Company entered into Conditional Share Subscription Agreement for subscription of new issued 269,674,581 ordinary shares of PT. Pesona Khatulistiwa Nusantara ("PKN") which incorporated in mining business in Indonesia amounting to USD 8.8 million with proportion of 40 percent of total registered shares after the increase in share capital of PKN. During the current period, the Company paid an advance for the share subscription of USD 6 million or approximately Baht 191.2 million. However, the completion of the transaction is subject to certain conditions precedent under the agreement which must be satisfied in full.

12. Property, plant and equipment

Movements in the property, plant and equipment account for the six-month periods ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	3,547,727	295,606
Acquisitions during the period - cost	330,097	4,299
Transfer to intangible assets	(10)	(10)
Disposals and write-off during the period - net book value on disposed and written-off date	(704)	(3)
Depreciation for the period	(132,607)	(5,896)
Translation adjustments	12,843	-
Net book value as at 30 June 2018	<u>3,757,346</u>	<u>293,996</u>

As at 30 June 2018, a local subsidiary had office equipment and vehicles under finance lease agreements with net book values amounting to Baht 6.2 million (31 December 2017: Baht 7.6 million).

As at 30 June 2018, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 192.3 million (2017: Nil). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 0.3 million were capitalised during the three-month and six-month periods ended 30 June 2018 (2017: Nil). The weighted average rate of 2.92 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation.

(Unaudited but reviewed)

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 30 June 2018 amounting to approximately Baht 1,077.6 million (31 December 2017: Baht 1,107.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 15 and 17.

13. Intangible assets

Movement in the intangible assets account for the six-month period ended 30 June 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Deferred transferred service fees according to contract	Total
Net book value as at 31 December 2017	4,985	-	4,985
Acquisitions during the period - cost	1,389	191,939	193,328
Transfer in from equipment	10	-	10
Amortisation for period	(762)	(13,760)	(14,522)
Net book value as at 30 June 2018	5,622	178,179	183,801

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Deferred transferred service fees according to contract	Total
Net book value as at 31 December 2017	3,101	-	3,101
Acquisitions during the period - cost	37	191,939	191,976
Transfer in from equipment	10	-	10
Amortisation for period	(477)	(13,760)	(14,237)
Net book value as at 30 June 2018	2,671	178,179	180,850

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

On 9 February 2018, 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 25 million tons of coal, in accordance with the Service Agreement, which stipulates that IPJ is to receive a fee of USD 0.75 per ton of coal produced and distributed from SGP. The Company had negotiated the price of transferring of such right at USD 6 million, or equivalent to Baht 191.9 million in which the Company will separately pay in 2 installments. The Company paid the first payment in February 2018 with amount of USD 4 million or equivalent to Baht 128.0 million. The second payment was paid in April 2018 with amount of USD 2 million or equivalent to Baht 63.9 million. Such right to the fees will be amortised according to the quantity of coal produced and sold from SGP.

14. Other non-current assets

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Deferred expenses - Indonesia coal mine project	283,498	316,774	-	-
Deferred stripping costs	198,153	123,315	-	-
Others	22,955	21,939	3,740	3,740
Total other non-current assets	504,606	462,028	3,740	3,740
Amortisation expenses for the period/year	172,427	422,844	-	-

(Unaudited but reviewed)

15. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Promissory notes	2.60 - 3.00	2.75 - 3.00	1,033,056	633,210
Trust receipts	2.75	2.75 - 2.85	449,642	265,858
Total			1,482,698	899,068

Movements in short-term loans from financial institutions during the six-month periods ended 30 June 2018 are summarised below.

(Unit: Thousand Baht)

Balance as at 31 December 2017	899,068
Add: Increase during the period	2,942,791
Less: Repayment during the period	(2,359,161)
Balance as at 30 June 2018	1,482,698

The subsidiary's credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 12.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related party	815	1,753	815	1,753
Trade payables - unrelated parties	513,088	462,522	30,724	39,729
Other payables - unrelated parties	118,999	92,746	1,451	3,449
Total trade and other payables	632,902	557,021	32,990	44,931

(Unaudited but reviewed)

17. Long-term loan from financial institution

	(Unit: Thousand Baht)	
	30 June 2018	31 December 2017
Long-term loan	178,587	117,757
Less: Current portion	(27,757)	(117,757)
Long-term loan - net of current portion	150,830	-

Movements in the long-term loan account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
Balance as at 31 December 2017	117,757
Add: Additional loan withdrew during the period	150,830
Less: Repayment during the period	(90,000)
Balance as at 30 June 2018	178,587

On 6 November 2013, the local subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with an another local bank. Then, on 18 December 2013, the subsidiary withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest 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 12.

Subsequently on 7 March 2014, the subsidiary executed a memorandum attached to the long-term loan agreement made with the bank to revise certain conditions and debt service coverage ratios.

The loan agreement contains several covenants which, among other things, require the subsidiary to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement.

(Unaudited but reviewed)

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. As at 31 December 2017, all of long-term loan of Baht 117.8 million was current portion of long-term loan. Nevertheless, as at 30 June 2018, the subsidiary could maintain certain financial ratios as specified in the loan agreement.

On 15 May 2018, the subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 418 million. The first loan facilities of Baht 150.8 million had been drawn by the subsidiary on 8 June 2018. The loan initially carries interest at 3M THBFIX reference rate plus 1.95 percent per annum and is repayable the first installment in the last day of the eighteen months since the subsidiary withdrew the loan. The loan is repayable within 6 years in 10 semi-annually installments of Baht 42 million during the first to ninth year, and remaining balance is repayable in the tenth year. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 12.

The loan agreement contains covenants that, among other things, require the subsidiary to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement.

As at 30 June 2018, the subsidiary could maintain certain financial ratio as specified in the long-term loan agreement.

18. 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 the statement of income for the year 2017 and Baht 2.3 million in the statement of income for the six-month periods ended 30 June 2018.

However, the subsidiary has insurance covering the damages on which it is in the process of claiming compensation from the insurance company.

(Unaudited but reviewed)

19. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	135,190	75,714	-	2,047
Withholding tax deducted at source recognised as expenses during the period	31,504	14,303	31,504	14,303
Deferred tax:				
Relating to origination and reversal of temporary differences	16,517	(3,537)	(131)	(96)
Income tax expenses reported in the income statements	<u>183,211</u>	<u>86,480</u>	<u>31,373</u>	<u>16,254</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	281,908	188,051	-	3,224
Withholding tax deducted at source recognised as expenses during the period	85,841	23,531	85,841	23,531
Deferred tax:				
Relating to origination and reversal of temporary differences	(8,740)	(6,166)	(263)	(220)
Income tax expenses reported in the income statements	<u>359,009</u>	<u>205,416</u>	<u>85,578</u>	<u>26,535</u>

20. Earnings per share

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

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

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to equity holders of the Company (Thousand Baht)	222,354	161,220	187,186	153,109
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.42	0.31	0.36	0.29

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to equity holders of the Company (Thousand Baht)	479,840	301,617	433,177	271,602
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.91	0.57	0.83	0.52

21. Dividend paid

Dividends paid by the Group during the six-month periods ended 30 June 2018 and 2017 are as follows:

The Company

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2018</u>				
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	246,750	0.47	15 May 2018
Total		<u>246,750</u>	<u>0.47</u>	
<u>2017</u>				
Final dividends for 2016	Annual General Meeting of the shareholders on 25 April 2017	152,250	0.29	16 May 2017
Total		<u>152,250</u>	<u>0.29</u>	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 297.2 million (2017: Baht 1.3 million).

Local subsidiaryThai Agro Energy Public Co., Ltd.

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2018</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2017	Annual General Meeting of the shareholders on 19 April 2018	50,000	0.05	18 May 2018
Total		50,000	0.05	
<u>2017</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2016	Annual General Meeting of the shareholders on 24 April 2017	50,000	0.05	23 May 2017
Total		50,000	0.05	

Overseas subsidiariesPT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<u>2018</u>				
The third interim dividend for 2017	Board of Directors' meeting on 30 March 2018	10,000	1,250	18 April 2018
Final dividends for 2017	Annual General Meeting of the shareholders on 29 June 2018	5,000	625	26 July 2018
Total		15,000	1,875	
<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
Total		10,000	1,250	

(Unaudited but reviewed)

During the six-month period ended 30 June 2018, the Company recorded dividend income at 55 percent for a total of USD 8.3 million or equivalent to Baht 261.7 million. The Company had been withheld the withholding tax deducted at source of Baht 52.3 million (2017: recorded dividend income at 55 percent for a total of USD 5.5 million or equivalent to Baht 188.2 million. The Company had been withheld the withholding tax deducted at source of Baht 14.1 million).

PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<u>2018</u>				
The third interim dividend for 2017	Board of Directors' meeting on 23 March 2018	5,009	630	12 April 2018
Final dividends for 2017	Annual General Meeting of the shareholders on 29 June 2018	3,021	380	31 July 2018
Total		<u>8,030</u>	<u>1,010</u>	
<u>2017</u>				
Final dividends for 2016	Annual General Meeting of the shareholders on 22 June 2017	1,988	250	30 June 2017
Total		<u>1,988</u>	<u>250</u>	

During the six-month period ended 30 June 2018, the Company recorded dividend income at 65 percent for a total of USD 5.2 million or equivalent to Baht 165.9 million. The Company had been withheld the withholding tax deducted at source of Baht 33.2 million (2017: recorded dividend income at 65 percent for a total of USD 1.3 million or equivalent to Baht 43.7 million. The Company had been withheld the withholding tax deducted at source of Baht 8.7 million).

22. Segment information

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

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

The following tables present revenue and profit information regarding of the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2018 and 2017.

(Unit: Million Baht)

	For the three-month periods ended 30 June						Total	
	Domestic coal business		Overseas coal business		Ethanol business			Elimination of inter-segment transactions
	2018	2017	2018	2017	2018	2017		
Revenues								
Revenues from external customers	308	499	2,350	1,621	716	787	3,374	
Inter-segment revenues	59	48	-	156	-	-	(204)	
Total revenue	367	547	2,350	1,777	716	787	3,374	
Operating results								
Segment gross profit	88	95	1,108	813	94	66	1,234	
Other income							13	
Share of profit from investment in associated company							3	
Loss on exchange							(14)	
Selling and distribution expenses							(550)	
Administrative expenses							(100)	
Finance cost							(17)	
Profit before income tax expenses							364	
Income tax expenses							(86)	
Non-controlling interests of the subsidiaries							(117)	
Profit for the period							161	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June							
	Domestic coal business		Overseas coal business		Elimination of inter-segment transactions		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Revenues from external customers	682	968	4,433	3,183	1,322	1,537	6,437	5,688
Inter-segment revenues	108	88	-	229	-	-	-	-
Total revenue	790	1,056	4,433	3,412	1,322	1,537	6,437	5,688
Operating results								
Segment gross profit	186	167	2,154	1,544	191	168	2,426	1,789
Other income							26	31
Share of profit from investment in associated company							7	9
Gain (loss) on exchange							(32)	1
Selling and distribution expenses							(1,026)	(795)
Administrative expenses							(184)	(253)
Loss from flood event							(2)	-
Finance cost							(32)	(36)
Profit before income tax expenses							1,183	746
Income tax expenses							(359)	(205)
Non-controlling interests of the subsidiaries							(344)	(239)
Profit for the period							480	302

23. Significant contracts and agreements

23.1 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. Subsequently on 17 January 2018, the subsidiary amended certain condition in the contract with the Indonesian government.

23.2 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. Subsequently on 17 January 2018, the subsidiary amended certain conditions in the contract with the Indonesian government.

23.3 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.

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 June 2018, the Company and a subsidiaries had capital commitments of Baht 371.1 million, relating to the construction of the Company's coal screening plant and the subsidiaries' construction of Wastewater Evaporation Plant, Vinasse Evaporation Reservoirs, and port loading conveyor (31 December 2017: Baht 14.3 million, relating to the construction of the Company's jetty and the subsidiary's Vinasse Evaporation Reservoirs.

24.2 Operating lease commitments

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

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
In up to 1 year	39	33	12	12
In over 1 year and up to 5 years	48	43	15	20

- b) On 13 April 2017, PT. Singlurius Pratama ("SGP") entered into the land compensation agreement with PT. Alam Jaya Persada ("AJP") to utilise the palm oil plantation in order to conduct mining activity for 5 years from 2017 to 2021. SGP is to pay fixed service fee for land utilisation and infrastructure based on quantity of production throughout the agreement period in Mutiara site.

24.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
In up to 1 year	3.9	2.1	1.0	0.9
In over 1 year and up to 5 years	1.4	1.8	1.4	1.8

- b) The Company and its subsidiaries have commitments under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 12.9 million (The Company Only: Baht 12.9 million) (31 December 2017: Baht 17.3 million (The Company Only: Baht 17.2 million)).

(Unaudited but reviewed)

- c) The Company had commitment under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreements.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary has commitment under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-year duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.

24.4 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.

24.5 Guarantees

As at 30 June 2018, the Company and its subsidiaries had bank guarantees of approximately Baht 5.9 million, Rupiah 47,282 million and USD 0.1 million (the Company only: Baht 0.9 million) (31 December 2017: Baht 6 million, Rupiah 41,328 million and USD 0.1 million (the Company only: Baht 0.9 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 agreement for using of electric to the Provincial Electricity Authority.

25. Litigation

In September 2011, a company sued the subsidiary for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the subsidiary submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. 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 2011 (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 Court of Appeal. 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. On 18 May 2018, the subsidiary sued that company for bankruptcy case. As at 30 June 2018, the subsidiary has not received such payment. However, the subsidiary recorded allowance for impairment in advance paid to that company for a whole amount.

26. Foreign currency risk

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

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

As at 30 June 2018				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate	
			Buying rate	Selling rate
US dollar	8.0	-	33.0065	33.3278

As at 31 December 2017				
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate	
			Buying rate	Selling rate
US dollar	7.9	0.1	32.5146	32.8472

As at 30 June 2018 and 31 December 2017, there was no outstanding foreign exchange contract.

27. Fair value hierarchy

As at 30 June 2018, the Company and its subsidiary had the assets that were measured at fair value using different levels of inputs as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	Level 2	Total	Level 2	Total
Held for trade investments - debt instruments	534,084	534,084	527,441	527,441

28. Reclassification

The Company reclassified accounts in statement of comprehensive income for the three-month and six-month periods ended 30 June 2017 to conform with current period's classification as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of comprehensive income for the three-month period</u>				
Service income	-	-	7,561	10,928
Selling and distribution expense	423,347	419,980	41,933	41,933
Administrative expense	126,581	129,948	28,543	31,910
<u>Statement of comprehensive income for the six-month period</u>				
Service income	-	-	12,373	17,817
Selling and distribution expense	794,491	789,047	84,403	84,403
Administrative expense	253,224	258,668	50,442	55,886

29. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised board of directors on 10 August 2018.