

Lanna Resources Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month period ended 31 March 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 31 March 2019 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same period. 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.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 14 May 2019

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2019

(Unit: Thousand Baht)

|  | Note | Consolidated financial statements               |                                  | Separate financial statements                   |                                  |
|--|------|---|----------------------------------|---|----------------------------------|
|  |      | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) |
| <b>Assets</b>                          |      |   |                                  |   |                                  |
| <b>Current assets</b>                  |      |   |                                  |   |                                  |
| Cash and cash equivalents              | 4    | 320,923   | 605,364                          | 17,257  | 156,032                          |
| Current investments                    | 5    | 811,391   | 646,335                          | 806,463   | 640,999                          |
| Trade and other receivables            | 3, 6 | 1,149,557                                       | 1,089,581                        | 212,188   | 188,011                          |
| Inventories                            |      | 497,586   | 369,652                          | 178,535   | 136,915                          |
| Value added tax refundable             |      | 670,543   | 785,005                          | 3,172   | -                                |
| Prepaid income tax                     |      | 205,544   | 132,955                          | -   | -                                |
| Advance payments for goods             | 7    | 369,650   | 660,045                          | 93,083  | 108,114                          |
| Other current financial assets         |      | 54,199  | 30,316                           | 3,641   | 2,009                            |
| <b>Total current assets</b>            |      | <b>4,079,393</b>                                | <b>4,319,253</b>                 | <b>1,314,339</b>                                | <b>1,232,080</b>                 |
| <b>Non-current assets</b>              |      |   |                                  |   |                                  |
| Restricted bank deposits               | 4    | 134,488   | 105,065                          | -   | -                                |
| Investments in subsidiaries            | 8    | -   | -                                | 768,332   | 764,538                          |
| Investment in associated company       | 9    | 25,908  | 23,879                           | 891   | 891                              |
| Advance payment for share subscription | 10   | 241,154   | 241,154                          | 241,154   | 241,154                          |
| Investment properties                  |      | 32,423  | 32,423                           | 32,423  | 32,423                           |
| Property, plant and equipment          | 11   | 4,009,735                                       | 3,971,991                        | 315,429   | 312,926                          |
| Goodwill                               |      | 186,000   | 186,000                          | -   | -                                |
| Intangible assets                      | 12   | 168,087   | 174,172                          | 165,621   | 171,496                          |
| Deferred tax assets                    |      | 22,468  | 22,577                           | 19,453  | 19,308                           |
| Other non-current assets               | 13   | 533,101   | 569,201                          | 3,903   | 3,822                            |
| <b>Total non-current assets</b>        |      | <b>5,353,364</b>                                | <b>5,326,462</b>                 | <b>1,547,206</b>                                | <b>1,546,558</b>                 |
| <b>Total assets</b>                    |      | <b>9,432,757</b>                                | <b>9,645,715</b>                 | <b>2,861,545</b>                                | <b>2,778,638</b>                 |

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 March 2019**

(Unit: Thousand Baht)

|  | Note  | <b>Consolidated financial statements</b>        |                                  | <b>Separate financial statements</b>            |                                  |
|--|-------|---|----------------------------------|---|----------------------------------|
|  |       | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) |
| <b>Liabilities and shareholders' equity</b>                            |       |   |                                  |   |                                  |
| <b>Current liabilities</b>   |       |   |                                  |   |                                  |
| Short-term loans from financial institutions                           | 14    | 1,086,016                                       | 1,370,413                        | -   | -                                |
| Trade and other payables   | 3, 15 | 566,478   | 616,864                          | 96,397  | 45,416                           |
| Current portion of liabilities under<br>finance lease agreements       |       | 1,337   | 2,095                            | -   | -                                |
| Current portion of long-term loans from<br>financial institution       | 16    | 101,834   | 102,000                          | -   | -                                |
| Accrued expenses   |       | 289,616   | 436,868                          | 4,745   | 22,086                           |
| Income tax payable   |       | 66,342  | 59,572                           | 404   | -                                |
| Other current liabilities  |       | 118,754   | 87,670                           | 24,039  | 15,139                           |
| <b>Total current liabilities</b>                                       |       | <b>2,230,377</b>                                | <b>2,675,482</b>                 | <b>125,585</b>                                  | <b>82,641</b>                    |
| <b>Non-current liabilities</b>   |       |   |                                  |   |                                  |
| Liabilities under finance lease agreements<br>- net of current portion |       | 765   | 710                              | -   | -                                |
| Long-term loans from financial institution<br>- net of current portion | 16    | 564,527   | 525,968                          | -   | -                                |
| Provision for long-term employee benefits                              |       | 207,945   | 202,236                          | 30,648  | 29,924                           |
| Provision for mine reclamation and<br>decommissioning costs            |       | 84,182  | 93,905                           | -   | -                                |
| Deferred tax liabilities   |       | 175,087   | 161,747                          | -   | -                                |
| Other non-current liabilities  |       | -   | 69,822                           | -   | -                                |
| <b>Total non-current liabilities</b>                                   |       | <b>1,032,506</b>                                | <b>1,054,388</b>                 | <b>30,648</b>                                   | <b>29,924</b>                    |
| <b>Total liabilities</b>   |       | <b>3,262,883</b>                                | <b>3,729,870</b>                 | <b>156,233</b>                                  | <b>112,565</b>                   |

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 March 2019**

(Unit: Thousand Baht)

|   | <b>Consolidated financial statements</b>        |                                  | <b>Separate financial statements</b>            |                                  |
|---|---|----------------------------------|---|----------------------------------|
|   | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) | 31 March<br>2019<br>(Unaudited<br>but reviewed) | 31 December<br>2018<br>(Audited) |
| <b>Liabilities and shareholders' equity (continued)</b> |   |                                  |   |                                  |
| <b>Shareholders' equity</b>                             |   |                                  |   |                                  |
| <b>Share capital</b>                                    |   |                                  |   |                                  |
| Registered, issued and fully paid up                    |   |                                  |   |                                  |
| 524,999,679 ordinary shares of Baht 1 each              | 525,000   | 525,000                          | 525,000   | 525,000                          |
| Share premium   | 680,400   | 680,400                          | 680,400   | 680,400                          |
| Retained earnings                                       |   |                                  |   |                                  |
| Appropriated - Statutory reserve                        | 52,500  | 52,500                           | 52,500  | 52,500                           |
| Appropriated - General reserve                          | 1,044,500                                       | 1,044,500                        | 1,044,500                                       | 1,044,500                        |
| Unappropriated  | 2,185,571                                       | 2,018,747                        | 402,912   | 363,673                          |
| Other components of shareholders' equity                | 17,041  | 42,610                           | -   | -                                |
| <b>Equity attributable to owners of the Company</b>     | <b>4,505,012</b>                                | <b>4,363,757</b>                 | <b>2,705,312</b>                                | <b>2,666,073</b>                 |
| Non-controlling interests of the subsidiaries           | 1,664,862                                       | 1,552,088                        | -   | -                                |
| <b>Total shareholders' equity</b>                       | <b>6,169,874</b>                                | <b>5,915,845</b>                 | <b>2,705,312</b>                                | <b>2,666,073</b>                 |
| <b>Total liabilities and shareholders' equity</b>       | <b>9,432,757</b>                                | <b>9,645,715</b>                 | <b>2,861,545</b>                                | <b>2,778,638</b>                 |

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

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Directors  
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## Lanna Resources Public Company Limited and its subsidiaries

## Income statements

For the three-month period ended 31 March 2019

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

|   | Note | Consolidated financial statements |                  | Separate financial statements |                |
|---|------|-----------------------------------|------------------|-------------------------------|----------------|
|   |      | 2019                              | 2018             | 2019                          | 2018           |
| <b>Revenues</b>   |      |                                   |                  |                               |                |
| Sales   | 3    | 2,784,119                         | 3,062,945        | 259,576                       | 373,655        |
| Commission and marketing service income                     | 3    | -                                 | -                | 48,555                        | 38,002         |
| Other income  |      |                                   |                  |                               |                |
| Dividend income   | 3, 8 | -                                 | -                | -                             | 271,686        |
| Service income  | 3    | -                                 | -                | 11,831                        | 7,784          |
| Gain on exchange  |      | 19,744                            | -                | -                             | -              |
| Interest income   | 3    | 4,067                             | 6,060            | 1,718                         | 3,053          |
| Others  |      | 3,970                             | 6,957            | 3,026                         | 1,271          |
| Total other income  |      | 27,781                            | 13,017           | 16,575                        | 283,794        |
| <b>Total revenues</b>                                       |      | <b>2,811,900</b>                  | <b>3,075,962</b> | <b>324,706</b>                | <b>695,451</b> |
| <b>Expenses</b>   |      |                                   |                  |                               |                |
| Cost of sales   | 3    | 1,749,085                         | 1,870,802        | 213,475                       | 324,794        |
| Selling and distribution expenses                           |      | 588,295                           | 476,097          | 35,303                        | 40,094         |
| Administrative expenses                                     |      | 76,238                            | 84,320           | 23,894                        | 24,530         |
| Damage from flood event                                     | 17   | -                                 | 2,251            | -                             | -              |
| Loss on exchange  |      | -                                 | 17,699           | 3,344                         | 5,837          |
| <b>Total expenses</b>                                       |      | <b>2,413,618</b>                  | <b>2,451,169</b> | <b>276,016</b>                | <b>395,255</b> |
| <b>Profit before share of profit from investment</b>        |      |                                   |                  |                               |                |
| <b>finance cost and income tax expenses</b>                 |      | 398,282                           | 624,793          | 48,690                        | 300,196        |
| Share of profit from investment in associated company       | 9    | 2,029                             | 4,068            | -                             | -              |
| <b>Profit before finance cost and income tax expenses</b>   |      | <b>400,311</b>                    | <b>628,861</b>   | <b>48,690</b>                 | <b>300,196</b> |
| Finance cost  |      | (37,084)                          | (14,658)         | -                             | -              |
| <b>Profit before income tax expenses</b>                    |      | <b>363,227</b>                    | <b>614,203</b>   | <b>48,690</b>                 | <b>300,196</b> |
| Income tax expenses   | 18   | (70,925)                          | (175,798)        | (9,451)                       | (54,205)       |
| <b>Profit for the period</b>                                |      | <b>292,302</b>                    | <b>438,405</b>   | <b>39,239</b>                 | <b>245,991</b> |
| <b>Profit attributable to:</b>                              |      |                                   |                  |                               |                |
| Equity holders of the Company                               |      | 166,824                           | 257,486          | 39,239                        | 245,991        |
| Non-controlling interests of the subsidiaries               |      | 125,478                           | 180,919          | -                             | -              |
|   |      | 292,302                           | 438,405          |                               |                |
| <b>Basic earnings per share</b>                             |      |                                   |                  |                               |                |
| Profit attributable to equity holders of the Company (Baht) | 19   | 0.32                              | 0.49             | 0.07                          | 0.47           |

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 31 March 2019

(Unit: Thousand Baht)

|  | <u>Consolidated financial statements</u> |                  | <u>Separate financial statements</u> |                |
|--|--|------------------|--------------------------------------|----------------|
|  | <u>2019</u>                              | <u>2018</u>      | <u>2019</u>                          | <u>2018</u>    |
| <b>Profit for the period</b>   | <u>292,302</u>                           | <u>438,405</u>   | <u>39,239</u>                        | <u>245,991</u> |
| <b>Other comprehensive income:</b>   |  |                  |                                      |                |
| <i>Other comprehensive income to be reclassified<br/>to profit or loss in subsequent periods</i> |  |                  |                                      |                |
| Exchange differences on translation of<br>financial statements in foreign currency               | <u>(40,318)</u>                          | <u>(101,334)</u> | <u>-</u>                             | <u>-</u>       |
| Other comprehensive income to be reclassified<br>to profit or loss in subsequent periods         | <u>(40,318)</u>                          | <u>(101,334)</u> | <u>-</u>                             | <u>-</u>       |
| <b>Other comprehensive income for the period</b>   | <u>(40,318)</u>                          | <u>(101,334)</u> | <u>-</u>                             | <u>-</u>       |
| <b>Total comprehensive income for the period</b>   | <u>251,984</u>                           | <u>337,071</u>   | <u>39,239</u>                        | <u>245,991</u> |
| <b>Total comprehensive income attributable to:</b>   |  |                  |                                      |                |
| Equity holders of the Company  | 141,255                                  | 194,603          | <u>39,239</u>                        | <u>245,991</u> |
| Non-controlling interests of the subsidiaries  | <u>110,729</u>                           | <u>142,468</u>   |                                      |                |
|  | <u>251,984</u>                           | <u>337,071</u>   |                                      |                |

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

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

| <b>Consolidated financial statements</b>   |                |                |               |                  |  |                 |                   |            |                 |                  |                  |                     |               |
|--|----------------|----------------|---------------|------------------|--|-----------------|-------------------|------------|-----------------|------------------|------------------|---------------------|---------------|
| Equity attributable to owners of the Company   |                |                |               |                  |  |                 |                   |            |                 |                  |                  |                     |               |
|  |                |                |               |                  | Other components of shareholders' equity |                 |                   |            |                 |                  |                  |                     |               |
|  |                |                |               |                  | Other comprehensive income               |                 |                   |            |                 |                  |                  |                     |               |
|  |                |                |               |                  | Exchange differences on                  |                 |                   |            |                 |                  |                  |                     |               |
|  |                |                |               |                  | translation of                           |                 | Surplus on change |            | Capital reserve | Total other      | Total equity     | Equity attributable |               |
|  |                |                |               |                  | financial                                |                 | in the percentage |            | for share-based | component of     | attributable to  | to non-controlling  | Total         |
|  |                |                |               |                  | statements in                            |                 | of shareholding   |            | payment         | shareholders'    | owners of        | interests of        | shareholders' |
|  |                |                |               |                  | foreign currency                         |                 | in subsidiary     |            | transactions    | equity           | the Company      | the subsidiaries    | equity        |
|  |                |                |               |                  | Retained earnings                        |                 |                   |            |                 |                  |                  |                     |               |
| Issued and   |                | Appropriated   |               |                  |  |                 |                   |            |                 |                  |                  |                     |               |
| paid up  |                | Share          | Statutory     | General          | Unappropriated                           |                 |                   |            |                 |                  |                  |                     |               |
| share capital  | premium        | reserve        | reserve       |                  |  |                 |                   |            |                 |                  |                  |                     |               |
| <b>Balance as at 1 January 2018</b>  | 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           |               |
| Profit for the period  | -              | -              | -             | -                | 257,486                                  | -               | -                 | -          | -               | 257,486          | 180,919          | 438,405             |               |
| Other comprehensive income for the period  | -              | -              | -             | -                | -  | (62,883)        | -                 | -          | (62,883)        | (62,883)         | (38,451)         | (101,334)           |               |
| Total comprehensive income for the period  | -              | -              | -             | -                | 257,486                                  | (62,883)        | -                 | -          | (62,883)        | 194,603          | 142,468          | 337,071             |               |
| Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries     | -              | -              | -             | -                | -  | -               | -                 | -          | -               | -                | (194,060)        | (194,060)           |               |
| <b>Balance as at 31 March 2018</b>   | <u>525,000</u> | <u>680,400</u> | <u>52,500</u> | <u>747,300</u>   | <u>2,453,403</u>                         | <u>(88,408)</u> | <u>75,949</u>     | <u>556</u> | <u>(11,903)</u> | <u>4,446,700</u> | <u>1,504,505</u> | <u>5,951,205</u>    |               |
| <b>Balance as at 1 January 2019</b>  | 525,000        | 680,400        | 52,500        | 1,044,500        | 2,018,747                                | (33,895)        | 75,949            | 556        | 42,610          | 4,363,757        | 1,552,088        | 5,915,845           |               |
| Profit for the period  | -              | -              | -             | -                | 166,824                                  | -               | -                 | -          | -               | 166,824          | 125,478          | 292,302             |               |
| Other comprehensive income for the period  | -              | -              | -             | -                | -  | (25,569)        | -                 | -          | (25,569)        | (25,569)         | (14,749)         | (40,318)            |               |
| Total comprehensive income for the period  | -              | -              | -             | -                | 166,824                                  | (25,569)        | -                 | -          | (25,569)        | 141,255          | 110,729          | 251,984             |               |
| Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiary | -              | -              | -             | -                | -  | -               | -                 | -          | -               | -                | 2,045            | 2,045               |               |
| <b>Balance as at 31 March 2019</b>   | <u>525,000</u> | <u>680,400</u> | <u>52,500</u> | <u>1,044,500</u> | <u>2,185,571</u>                         | <u>(59,464)</u> | <u>75,949</u>     | <u>556</u> | <u>17,041</u>   | <u>4,505,012</u> | <u>1,664,862</u> | <u>6,169,874</u>    |               |

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

|   | Separate financial statements    |                |                   |                  |                | Total shareholders' equity |
|---|----------------------------------|----------------|-------------------|------------------|----------------|----------------------------|
|   | Issued and paid up share capital | Share premium  | Retained earnings |                  | Unappropriated |                            |
|   |                                  |                | Appropriated      |                  |                |                            |
|   |                                  |                | Statutory reserve | General reserve  |                |                            |
| <b>Balance as at 1 January 2018</b>       | 525,000                          | 680,400        | 52,500            | 747,300          | 544,023        | 2,549,223                  |
| Profit for the period                     | -                                | -              | -                 | -                | 245,991        | 245,991                    |
| Other comprehensive income for the period | -                                | -              | -                 | -                | -              | -                          |
| Total comprehensive income for the period | -                                | -              | -                 | -                | 245,991        | 245,991                    |
| <b>Balance as at 31 March 2018</b>        | <u>525,000</u>                   | <u>680,400</u> | <u>52,500</u>     | <u>747,300</u>   | <u>790,014</u> | <u>2,795,214</u>           |
| <b>Balance as at 1 January 2019</b>       | 525,000                          | 680,400        | 52,500            | 1,044,500        | 363,673        | 2,666,073                  |
| Profit for the period                     | -                                | -              | -                 | -                | 39,239         | 39,239                     |
| Other comprehensive income for the period | -                                | -              | -                 | -                | -              | -                          |
| Total comprehensive income for the period | -                                | -              | -                 | -                | 39,239         | 39,239                     |
| <b>Balance as at 31 March 2019</b>        | <u>525,000</u>                   | <u>680,400</u> | <u>52,500</u>     | <u>1,044,500</u> | <u>402,912</u> | <u>2,705,312</u>           |

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Statements of cash flows****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

|   | <u>Consolidated financial statements</u> |                  | <u>Separate financial statements</u> |                 |
|---|--|------------------|--------------------------------------|-----------------|
|   | <u>2019</u>                              | <u>2018</u>      | <u>2019</u>                          | <u>2018</u>     |
| <b>Cash flows from operating activities</b>   |  |                  |                                      |                 |
| Profit before tax   | 363,227                                  | 614,203          | 48,690                               | 300,196         |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities |  |                  |                                      |                 |
| Depreciation and amortisation   | 221,838                                  | 141,718          | 9,155                                | 6,708           |
| Reversal of reduction of inventories to net realisable value  | (2,561)                                  | (555)            | -                                    | -               |
| Gain on disposals and unrealised gain on change in value of investments in trading securities       | (1,796)                                  | (1,200)          | (1,773)                              | -1,178          |
| Share of profit from investment in associated company   | (2,029)                                  | (4,068)          | -                                    | -               |
| Allowance for value added tax refundable  | 11,609                                   | -                | -                                    | -               |
| Write-off of value added tax refundable and prepaid income tax                                      | 399                                      | 984              | -                                    | -               |
| Gain on disposals and write-off of equipment  | (27)                                     | (42)             | (27)                                 | (5)             |
| Dividend income   | -  | -                | -                                    | (271,686)       |
| Provision for long-term employee benefits   | 6,997                                    | 8,424            | 724                                  | 658             |
| Loss on write-off deferred stripping costs  | 6,981                                    | -                | -                                    | -               |
| Provision for mine reclamation and decommissioning costs (reversal)                                 | (4,945)                                  | 3                | -                                    | -               |
| Unrealised loss (gain) on exchange  | (17,049)                                 | 1,075            | 2,906                                | 380             |
| Interest income   | (4,067)                                  | (6,060)          | (1,718)                              | (3,054)         |
| Interest expenses   | 36,903                                   | 14,650           | -                                    | -               |
| Profit from operating activities before changes in operating assets and liabilities                 | 615,480                                  | 769,132          | 57,957                               | 32,019          |
| Operating assets (increase) decrease  |  |                  |                                      |                 |
| Trade and other receivables   | (58,957)                                 | 132,092          | (24,089)                             | 736             |
| Inventories   | (125,274)                                | (452,589)        | (41,620)                             | (21,051)        |
| Value added tax refundable  | 108,318                                  | (40,250)         | (3,172)                              | 2,100           |
| Advance payments for goods  | 288,513                                  | (214,241)        | 13,149                               | (34,648)        |
| Other current financial assets  | (23,884)                                 | 18,523           | (1,632)                              | (503)           |
| Operating liabilities increase (decrease)   |  |                  |                                      |                 |
| Trade and other payables  | (41,141)                                 | (74,984)         | 51,573                               | 3,423           |
| Accrued expenses  | (140,504)                                | 64,545           | (12,441)                             | (11,940)        |
| Other current liabilities   | 29,147                                   | (44,013)         | (272)                                | (8,612)         |
| Cash paid for long-term employee benefits   | (6,890)                                  | (5,487)          | (4,900)                              | -               |
| Cash paid for mine reclamation  | (5,584)                                  | (2,107)          | -                                    | -               |
| Cash from (used in) operating activities  | 639,224                                  | 150,621          | 34,553                               | (38,476)        |
| Interest income   | 3,083                                    | 7,210            | 782                                  | 7,398           |
| Cash paid for interest expenses   | (10,566)                                 | (8,360)          | -                                    | -               |
| Refund of income tax  | -  | 1,514            | -                                    | -               |
| Cash paid for income tax  | (111,732)                                | (264,113)        | (20)                                 | (2,835)         |
| <b>Net cash from (used in) operating activities</b>   | <b>520,009</b>                           | <b>(113,128)</b> | <b>35,315</b>                        | <b>(33,913)</b> |

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Statements of cash flows (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

|   | <u>Consolidated financial statements</u> |                       | <u>Separate financial statements</u> |                      |
|---|--|-----------------------|--------------------------------------|----------------------|
|   | <u>2019</u>                              | <u>2018</u>           | <u>2019</u>                          | <u>2018</u>          |
| <b>Cash flows from investing activities</b>                             |  |                       |                                      |                      |
| Increase in current investments   | (163,260)                                | (27,090)              | (163,691)                            | (27,697)             |
| Increase in restricted bank deposits                                    | (31,489)                                 | (34,777)              | -                                    | -                    |
| Cash paid for investment in subsidiary                                  | -  | -                     | (3,794)                              | -                    |
| Proceed from disposals of equipment                                     | 27                                       | 757                   | 27                                   | 5                    |
| Acquisitions of property, plant and equipment                           | (132,447)                                | (117,826)             | (6,532)                              | (6,078)              |
| Acquisitions of computer software                                       | (182)                                    | (35)                  | (44)                                 | -                    |
| Cash paid for advance payment for share subscription                    | -  | (47,021)              | -                                    | (47,021)             |
| Increase in other non-current assets                                    | <u>(129,925)</u>                         | <u>(222,097)</u>      | <u>(81)</u>                          | <u>(128,127)</u>     |
| <b>Net cash used in investing activities</b>                            | <u>(457,276)</u>                         | <u>(448,089)</u>      | <u>(174,115)</u>                     | <u>(208,918)</u>     |
| <b>Cash flows from financing activities</b>                             |  |                       |                                      |                      |
| Net increase (decrease) in short-term loans from financial institutions | (280,549)                                | 466,641               | -                                    | -                    |
| Cash paid for liabilities under finance lease agreements                | (746)                                    | (853)                 | -                                    | -                    |
| Cash paid for liabilities under capital lease agreement                 | (101,483)                                | (33,671)              | -                                    | -                    |
| Cash received from long-term loan from financial institution            | 38,352                                   | -                     | -                                    | -                    |
| Decrease in non-controlling interests of the subsidiaries               | <u>(12,704)</u>                          | <u>(38,451)</u>       | <u>-</u>                             | <u>-</u>             |
| <b>Net cash from (used in) financing activities</b>                     | <u>(357,130)</u>                         | <u>393,666</u>        | <u>-</u>                             | <u>-</u>             |
| <b>Increase (decrease) in translation adjustments</b>                   | <u>9,931</u>                             | <u>(15,510)</u>       | <u>-</u>                             | <u>-</u>             |
| <b>Net decrease in cash and cash equivalents</b>                        | <u>(284,466)</u>                         | <u>(183,061)</u>      | <u>(138,800)</u>                     | <u>(242,831)</u>     |
| Cash and cash equivalents at beginning of period                        | 605,364                                  | 1,128,070             | 156,032                              | 261,622              |
| Effect of change in foreign exchange rate on cash at bank balance       | <u>25</u>                                | <u>(8)</u>            | <u>25</u>                            | <u>(8)</u>           |
| <b>Cash and cash equivalents at end of period (Note 4)</b>              | <u><u>320,923</u></u>                    | <u><u>945,001</u></u> | <u><u>17,257</u></u>                 | <u><u>18,783</u></u> |

**Supplemental cash flows information:**

## Non-cash transactions from investing activities

|  |        |        |       |         |
|--|--------|--------|-------|---------|
| Dividend receivable from subsidiaries                                | -      | -      | -     | 271,686 |
| Payables from agreement of transferring service fee                  | -      | 63,980 | -     | 63,980  |
| Payables from purchases of plant and equipment and intangible assets | 54,234 | 43,383 | 2,640 | 97      |
| Transfer equipment to intangible assets                              | -      | 10     | -     | 10      |

## Non-cash transactions from financing activities

|   |   |         |   |   |
|---|---|---------|---|---|
| Dividend payable to non-controlling interests of subsidiaries | - | 194,060 | - | - |
|---|---|---------|---|---|

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 period ended 31 March 2019**

**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 2018. There have been no change in the composition of the Group during the current period.

## 1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

|                         |  |
|-------------------------|--|
| TAS 11 (revised 2017)   | Construction Contracts                                       |
| TAS 18 (revised 2017)   | Revenue  |
| TSIC 31 (revised 2017)  | Revenue - Barter Transactions Involving Advertising Services |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes                                  |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate               |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers                           |

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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

Accounting standard:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

|          |   |
|----------|---|
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on 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 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

### Revenue recognition

#### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

## 3. Related party transactions

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

|   | (Unit: Thousand Baht)                      |             |                      |             |
|---|--|-------------|----------------------|-------------|
|   | For the three-month periods ended 31 March |             |                      |             |
|   | Consolidated                               |             | Separate             |             |
|   | financial statements                       |             | financial statements |             |
|   | <u>2019</u>                                | <u>2018</u> | <u>2019</u>          | <u>2018</u> |
| <u>Transactions with subsidiaries</u>                   |  |             |                      |             |
| (eliminated from the consolidated financial statements) |  |             |                      |             |
| Dividend income   | -  | -           | -                    | 271,686     |
| Commission and marketing service income                 | -  | -           | 48,555               | 38,002      |
| Service income  | -  | -           | 11,831               | 7,784       |
| Interest income   | -  | -           | -                    | 805         |
| Purchase of coal  | -  | -           | 113,282              | -           |
| <u>Transactions with major shareholder</u>              |  |             |                      |             |
| Sales of coal   | -  | 162,946     | -                    | 162,946     |

(Unaudited but reviewed)

(Unit: Thousand Baht)

|   | For the three-month periods ended 31 March |             |                      |             |
|---|--|-------------|----------------------|-------------|
|   | Consolidated                               |             | Separate             |             |
|   | financial statements                       |             | financial statements |             |
|   | <u>2019</u>                                | <u>2018</u> | <u>2019</u>          | <u>2018</u> |
| <u>Transactions with associated company</u> |  |             |                      |             |
| Purchase of coal                            | -  | 161,190     | -                    | 161,190     |
| Freight charge                              | 54,745                                     | 47,009      | 54,745               | 47,009      |
| <u>Transactions with related company</u>    |  |             |                      |             |
| Sales of coal                               | 178,946                                    | 94,711      | 178,946              | 94,711      |

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 March 2019 and 31 December 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

|   | Consolidated         |                    | Separate             |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | financial statements |                    | financial statements |                    |
|   | <u>31 March</u>      | <u>31 December</u> | <u>31 March</u>      | <u>31 December</u> |
|   | <u>2019</u>          | <u>2018</u>        | <u>2019</u>          | <u>2018</u>        |
| <b><u>Trade and other receivables - related parties</u></b>             |                      |                    |                      |                    |
| <b>(Note 6)</b>   |                      |                    |                      |                    |
| Subsidiaries  | -                    | -                  | 112,098              | 67,600             |
| Related company (related by common shareholder and/or common directors) | 53,951               | 81,383             | 53,951               | 81,383             |
| Total trade and other receivables - related parties                     | 53,951               | 81,383             | 166,049              | 148,983            |
| <b><u>Trade and other payables - related parties</u></b>                |                      |                    |                      |                    |
| <b>(Note 15)</b>  |                      |                    |                      |                    |
| Subsidiaries  | -                    | -                  | 62,364               | -                  |
| Associated company  | 2,969                | 530                | 2,969                | 530                |
| Total trade and other payables - related parties                        | 2,969                | 530                | 65,333               | 530                |



(Unaudited but reviewed)

#### Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

|                              | For the three-month periods ended 31 March |               |                      |              |
|------------------------------|--|---------------|----------------------|--------------|
|                              | Consolidated                               |               | Separate             |              |
|                              | financial statements                       |               | financial statements |              |
|                              | <u>2019</u>                                | <u>2018</u>   | <u>2019</u>          | <u>2018</u>  |
| Short-term employee benefits | 29,004                                     | 29,562        | 6,465                | 6,132        |
| Post-employment benefits     | 3,429                                      | 4,157         | 288                  | 285          |
| Total                        | <u>32,433</u>                              | <u>33,719</u> | <u>6,753</u>         | <u>6,417</u> |

#### **4. Cash and cash equivalents/Restricted bank deposits**

(Unit: Thousand Baht)

|                                | Consolidated         |                  | Separate             |                |
|--------------------------------|----------------------|------------------|----------------------|----------------|
|                                | financial statements |                  | financial statements |                |
|                                | 31 March             | 31 December      | 31 March             | 31 December    |
|                                | <u>2019</u>          | <u>2018</u>      | <u>2019</u>          | <u>2018</u>    |
| Cash                           | 160                  | 150              | 40                   | 40             |
| Bank deposits                  | 455,251              | 710,279          | 17,217               | 155,992        |
| Total                          | 455,411              | 710,429          | 17,257               | 156,032        |
| Less: Restricted bank deposits | <u>(134,488)</u>     | <u>(105,065)</u> | <u>-</u>             | <u>-</u>       |
| Total                          | <u>320,923</u>       | <u>605,364</u>   | <u>17,257</u>        | <u>156,032</u> |

As at 31 March 2019, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 7.5 percent per annum (31 December 2018: between 0.1 and 7.5 percent per annum).

As at 31 March 2019, the overseas subsidiaries have restricted bank deposits of USD 4.2 million or approximately Baht 134.5 million (31 December 2018: USD 3.2 million or approximately Baht 105.1 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 23.5.

**5. Current investments**

(Unit: Thousand Baht)

|   | Consolidated         |             | Separate             |             |
|---|----------------------|-------------|----------------------|-------------|
|   | financial statements |             | financial statements |             |
|   | 31 March             | 31 December | 31 March             | 31 December |
|   | 2019                 | 2018        | 2019                 | 2018        |
| Investments in trading securities - Open funds - fair value | 451,427              | 496,386     | 446,499              | 491,050     |
| Investments in debentures                                   | 149,964              | 149,949     | 149,964              | 149,949     |
| Bills of exchange   | 210,000              | -           | 210,000              | -           |
| Total   | 811,391              | 646,335     | 806,463              | 640,999     |

As at 31 March 2019, the Company had current investments in the form of bills of exchange amounting to Baht 210 million carried interests between 1.6 and 1.7 percent per annum and due for redemption within June and October 2019.

**6. Trade and other receivables**

(Unit: Thousand Baht)

|   | Consolidated         |             | Separate             |             |
|---|----------------------|-------------|----------------------|-------------|
|   | financial statements |             | financial statements |             |
|   | 31 March             | 31 December | 31 March             | 31 December |
|   | 2019                 | 2018        | 2019                 | 2018        |
| <b><u>Trade receivables - related parties</u></b>   |                      |             |                      |             |
| <b>Age on the basis of due dates</b>                |                      |             |                      |             |
| Not yet due   | 53,951               | 81,383      | 73,437               | 102,857     |
| Past due  |                      |             |                      |             |
| Up to 3 months                                      | -                    | -           | 29,775               | 24,310      |
| 3 - 6 months  | -                    | -           | 23,828               | -           |
| Total trade receivables - related parties           | 53,951               | 81,383      | 127,040              | 127,167     |
| <b><u>Trade receivables - unrelated parties</u></b> |                      |             |                      |             |
| <b>Age on the basis of due dates</b>                |                      |             |                      |             |
| Not yet due   | 998,243              | 910,640     | 44,171               | 38,149      |
| Past due  |                      |             |                      |             |
| Up to 3 months                                      | 83,836               | 83,753      | -                    | -           |
| Total trade receivables - unrelated parties         | 1,082,079            | 994,393     | 44,171               | 38,149      |
| Total trade receivables                             | 1,136,030            | 1,075,776   | 171,211              | 165,316     |

(Unaudited but reviewed)

(Unit: Thousand Baht)

|   | Consolidated         |                     | Separate             |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | financial statements |                     | financial statements |                     |
|   | 31 March<br>2019     | 31 December<br>2018 | 31 March<br>2019     | 31 December<br>2018 |
| <b><u>Other receivables</u></b>         |                      |                     |                      |                     |
| Other receivables - related parties     | -                    | -                   | 39,009               | 21,816              |
| Other receivables - unrelated parties   | 11,732               | 13,134              | 310                  | 296                 |
| Advances                                | 449                  | 309                 | 449                  | 309                 |
| Interest receivable - unrelated parties | 1,346                | 362                 | 1,209                | 274                 |
| Total other receivables                 | 13,527               | 13,805              | 40,977               | 22,695              |
| Total trade and other receivables       | 1,149,557            | 1,089,581           | 212,188              | 188,011             |

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 31 March 2019, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 191.7 million (31 December 2018: Rupiah 90,000 million or approximately Baht 191.9 million) were placed to secure such credit facilities.

#### 7. Advance payments for goods

(Unit: Thousand Baht)

|  | Consolidated         |                     | Separate             |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | financial statements |                     | financial statements |                     |
|  | 31 March<br>2019     | 31 December<br>2018 | 31 March<br>2019     | 31 December<br>2018 |
| Advance payments for goods - unrelated parties | 369,650              | 660,045             | 93,083               | 108,114             |
| Total advance payments for goods               | 369,650              | 660,045             | 93,083               | 108,114             |

A local subsidiary had significant business transactions with local companies in respect of purchases of molasses under the purchase of molasses agreement. To comply with the conditions in the agreements, as at 31 March 2019, the subsidiary had outstanding advance payments for purchase of molasses amounting to Baht 271.4 million (31 December 2018: Baht 545.1 million).

## 8. 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)<br>Dividends received for the<br>three-month periods ended |                  |
|--|-----------------------|-----------------------|-------------------------|----------------------------|------------------|---------------------|--|------------------|
|  | 31 March<br>2019      | 31 December<br>2018   | 31 March<br>2019<br>(%) | 31 December<br>2018<br>(%) | 31 March<br>2019 | 31 December<br>2018 | 31 March<br>2019   | 31 March<br>2018 |
|  |                       |                       |                         |                            |                  |                     |  |                  |
| <b>Local subsidiaries</b>                                    |                       |                       |                         |                            |                  |                     |  |                  |
| Lanna Power Generation<br>Company Limited                    | Baht 10<br>million    | Baht 10<br>million    | 100.00                  | 100.00                     | 10,000           | 10,000              | -  | -                |
| Thai Agro Energy Public<br>Company Limited                   | Baht 1,000<br>million | Baht 1,000<br>million | 51.00                   | 51.00                      | 510,000          | 510,000             | -  | -                |
| <b>Overseas subsidiaries</b>                                 |                       |                       |                         |                            |                  |                     |  |                  |
| PT. Lanna Mining Services<br>(Incorporated<br>in Indonesia)  | USD 2.1<br>million    | USD 2.1<br>million    | 99.95                   | 99.95                      | 70,889           | 70,889              | -  | -                |
| PT. Singlurus Pratama<br>(Incorporated<br>in Indonesia)      | Rp 10,500<br>million  | Rp 7,950<br>million   | 65.00                   | 65.00                      | 22,420           | 18,626              | -  | 100,863          |
| PT. Lanna Harita Indonesia<br>(Incorporated<br>in Indonesia) | USD 8<br>million      | USD 8<br>million      | 55.00                   | 55.00                      | 155,023          | 155,023             | -  | 170,823          |
| <b>Total</b>   |                       |                       |                         |                            | <u>768,332</u>   | <u>764,538</u>      | <u>-</u>   | <u>271,686</u>   |

During 2018, 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.

On 17 September 2018, the Board of Directors Meeting passed a resolution approving the increase of SGP’s registered capital from Rupiah 7,950 million (7,950 shares of Rupiah 1 million each) to Rupiah 10,500 million (10,500 shares of Rupiah 1 million each) by issuing ordinary shares of Rupiah 2,550 million (2,550 shares of Rupiah 1 million each). The meeting also approved the Company to exercise the right to subscribe for the newly issued shares according to the share allotment of Rupiah 1,657 million (1,657 ordinary shares of Rupiah 1 million each), to maintain shareholding proportion at 65 percent of paid-up capital of SGP. The Company made subscription payment for the newly issued shares of Rupiah 1,657 million or approximately Baht 3.79 million on 11 February 2019.

(Unaudited but reviewed)

## 9. Investment in associated company

(Unit: Thousand Baht)

| Company   | Nature of business                         | Relationship   | Paid up capital    |                    | Shareholding percentage |             | Consolidated financial statements       |             | Separate financial statements |             |
|---|--|----------------|--------------------|--------------------|-------------------------|-------------|---|-------------|-------------------------------|-------------|
|   |  |                | 31 March           | 31 December        | 31 March                | 31 December | Carrying amounts based on equity method |             | Cost                          |             |
|   |  |                | 2019               | 2018               | 2019                    | 2018        | 31 March                                | 31 December | 31 March                      | 31 December |
|   |  |                |                    |                    | (%)                     | (%)         |   |             |                               |             |
| United Bulk Shipping Pte. Ltd.<br>(Incorporated in Singapore) | Shipping business and<br>coal distribution | Direct holding | SGD 0.1<br>million | SGD 0.1<br>million | 49                      | 49          | 25,908                                  | 23,879      | 891                           | 891         |
| Total   |  |                |                    |                    |                         |             | 25,908                                  | 23,879      | 891                           | 891         |

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month period ended 31 March 2019 of approximately Baht 2.0 million (2018: Baht 4.1 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.

**10. 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. As at 31 March 2019, the Company has paid an advance for the share subscription of USD 7.5 million or approximately Baht 241.2 million. However, the completion of the transaction is subject to certain conditions precedent under the agreement which must be satisfied in full.

**11. Property, plant and equipment**

Movements in the property, plant and equipment account for the three-month period ended 31 March 2019 are summarised below.

|                                       | (Unit: Thousand Baht)                   |                                     |
|---------------------------------------|---|-------------------------------------|
|                                       | Consolidated<br>financial<br>statements | Separate<br>financial<br>statements |
| Net book value as at 1 January 2019   | 3,971,991                               | 312,926                             |
| Acquisitions during the period - cost | 123,308                                 | 5,739                               |
| Depreciation for the period           | (67,717)                                | (3,236)                             |
| Translation adjustments               | (17,847)                                | -                                   |
| Net book value as at 31 March 2019    | <u>4,009,735</u>                        | <u>315,429</u>                      |

As at 31 March 2019, a subsidiary had vehicles and office equipment under finance lease agreements with net book values amounting to Baht 4.2 million (31 December 2018: Baht 4.8 million).

As at 31 March 2019, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 386.1 million (31 December 2018: Baht 350.9 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 2.9 million were capitalised during the three-month period ended 31 March 2019 (31 December 2018: Baht 4.4 million). The weighted average rate of 2.9 to 3.8 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (31 December 2018: 2.9 to 3.7 percent per annum).

A subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2019 amounting to approximately Baht 1,589 million (31 December 2018: Baht 1,614 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 14 and 16.

**12. Intangible assets**

Movement in the intangible assets account for the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

|                                       | Consolidated financial statements |   |                |
|---------------------------------------|-----------------------------------|---|----------------|
|                                       | Computer software                 | Deferred transferred service fees according to contract | Total          |
| Net book value as at 1 January 2019   | 4,963                             | 169,209   | 174,172        |
| Acquisitions during the period - cost | 52                                | -   | 52             |
| Amortisation for period               | (435)                             | (5,702)   | (6,137)        |
| Net book value as at 31 March 2019    | <u>4,580</u>                      | <u>163,507</u>  | <u>168,087</u> |

(Unit: Thousand Baht)

|                                       | Separate financial statements |   |                |
|---------------------------------------|-------------------------------|---|----------------|
|                                       | Computer software             | Deferred transferred service fees according to contract | Total          |
| Net book value as at 1 January 2019   | 2,287                         | 169,209   | 171,496        |
| Acquisitions during the period - cost | 44                            | -   | 44             |
| Amortisation for period               | (217)                         | (5,702)   | (5,919)        |
| Net book value as at 31 March 2019    | <u>2,114</u>                  | <u>163,507</u>  | <u>165,621</u> |

**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 separately paid 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.

(Unaudited but reviewed)

### 13. 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 |              |
|   | 31 March             | 31 December    | 31 March             | 31 December  |
|   | 2019                 | 2018           | 2019                 | 2018         |
| Deferred expenses - Indonesia coal mine project | 160,000              | 218,731        | -                    | -            |
| Deferred stripping costs                        | 350,899              | 328,037        | -                    | -            |
| Others  | 22,202               | 22,433         | 3,903                | 3,822        |
| Total other non-current assets                  | <u>533,101</u>       | <u>569,201</u> | <u>3,903</u>         | <u>3,822</u> |
| Amortisation expenses for the period/year       | <u>147,943</u>       | <u>440,825</u> | <u>-</u>             | <u>-</u>     |

### 14. Short-term loans from financial institutions

(Unit: Thousand Baht)

|                         | Interest rate       |             | Consolidated         |                  |
|-------------------------|---------------------|-------------|----------------------|------------------|
|                         | (percent per annum) |             | financial statements |                  |
|                         | 31 March            | 31 December | 31 March             | 31 December      |
|                         | 2019                | 2018        | 2019                 | 2018             |
| Promissory notes        | 2.85 - 2.95         | 2.75 - 2.95 | 693,356              | 882,905          |
| Trust receipts          | 2.95                | 2.75        | 101,801              | 291,807          |
| Bill of purchasing line | 3.00 - 6.00         | 0.06 - 3.10 | 290,859              | 195,701          |
| Total                   |                     |             | <u>1,086,016</u>     | <u>1,370,413</u> |

Movements in short-term loans from financial institutions during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

|                                   |                  |
|-----------------------------------|------------------|
| Balance as at 1 January 2019      | 1,370,413        |
| Add: Increase during the period   | 1,754,952        |
| Less: Repayment during the period | (2,035,501)      |
| Translation adjustments           | <u>(3,848)</u>   |
| Balance as at 31 March 2019       | <u>1,086,016</u> |

As at 31 March 2019 and 31 December 2018, credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 11.



(Unaudited but reviewed)

## 15. Trade and other payables

(Unit: Thousand Baht)

|                                    | Consolidated         |                     | Separate             |                     |
|------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                    | financial statements |                     | financial statements |                     |
|                                    | 31 March<br>2019     | 31 December<br>2018 | 31 March<br>2019     | 31 December<br>2018 |
| Trade payables - related party     | 2,969                | 530                 | 65,333               | 530                 |
| Trade payables - unrelated parties | 458,886              | 496,300             | 26,147               | 39,819              |
| Other payables - unrelated parties | 104,623              | 120,034             | 4,917                | 5,067               |
| Total trade and other payables     | <u>566,478</u>       | <u>616,864</u>      | <u>96,397</u>        | <u>45,416</u>       |

## 16. Long-term loan from financial institution

(Unit: Thousand Baht)

|  | 31 March<br>2019      | 31 December<br>2018   |
|--|-----------------------|-----------------------|
|  | <u>666,361</u>        | <u>627,968</u>        |
| Long-term loans                          |                       |                       |
| Less: Current portion                    | <u>(101,834)</u>      | <u>(102,000)</u>      |
| Long-term loans - net of current portion | <u><u>564,527</u></u> | <u><u>525,968</u></u> |

Movements in the long-term loans account during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

|   |                       |
|---|-----------------------|
| Balance as at 1 January 2019                        | 627,968               |
| Add: Additional loan withdrew during the period     | 38,352                |
| Amortisation of transaction costs during the period | <u>41</u>             |
| Balance as at 31 March 2019                         | <u><u>666,361</u></u> |

On 15 May 2018, the subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 418 million. The loan carries interest at 3M THBFX reference rate plus 1.95 percent per annum and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The loan is repayable within 6 years in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 11.

Subsequently, on 8 November 2018, the subsidiary entered into another long-term loan agreement with the same bank, obtaining loan facilities of Baht 300 million. The loan 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 sixth month since the Company withdrew the loan (15 November 2018). The loan is repayable within 5 years in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months. The loan is secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 11.

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

As at 31 March 2019, the subsidiary could maintain certain financial ratios as specified in the loan agreements.

#### **17. Damage 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 three-month period ended 31 March 2018.

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

**18. Income tax**

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

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

|  | (Unit: Thousand Baht)                      |                |                                  |               |
|--|--|----------------|----------------------------------|---------------|
|  | For the three-month periods ended 31 March |                |                                  |               |
|  | Consolidated<br>financial statements       |                | Separate<br>financial statements |               |
|  | <u>2019</u>                                | <u>2018</u>    | <u>2019</u>                      | <u>2018</u>   |
| <b>Current income tax:</b>   |  |                |                                  |               |
| Interim corporate income tax charge  | 55,518                                     | 146,718        | 9,824                            | -             |
| Adjustment in respect of income tax of<br>previous year                        | (228)                                      | -              | (228)                            | -             |
| Withholding tax deducted at source<br>recognised as expenses during the period | -  | 54,337         | -                                | 54,337        |
| <b>Deferred tax:</b>   |  |                |                                  |               |
| Relating to origination and reversal of<br>temporary differences               | 15,635                                     | (25,257)       | (145)                            | (132)         |
| <b>Income tax expenses reported in<br/>the income statements</b>               | <u>70,925</u>                              | <u>175,798</u> | <u>9,451</u>                     | <u>54,205</u> |

**19. Earnings per share**

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

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

|   | For the three-month periods ended 31 March |             |                                  |             |
|---|--|-------------|----------------------------------|-------------|
|   | Consolidated<br>financial statements       |             | Separate<br>financial statements |             |
|   | <u>2019</u>                                | <u>2018</u> | <u>2019</u>                      | <u>2018</u> |
| Profit attributable to equity holders of the<br>Company (Thousand Baht) | 166,824                                    | 257,486     | 39,239                           | 245,991     |
| Weighted average number of ordinary<br>shares (Thousand shares)         | 525,000                                    | 525,000     | 525,000                          | 525,000     |
| Basic earnings per share (Baht)   | 0.32                                       | 0.49        | 0.07                             | 0.47        |

**20. Dividend paid**

Dividends paid by the Group during the three-month periods ended 31 March 2018 are as follows:

**Overseas subsidiaries****PT. Lanna Harita Indonesia**

| Dividends                              | Approved by                                     | Total<br>dividends<br>(Thousand<br>US Dollar) | Dividend<br>per share<br>(US Dollar) | Paid on       |
|--|---|---|--------------------------------------|---------------|
| <b><u>2018</u></b>                     |   |   |                                      |               |
| The third interim dividend<br>for 2017 | Board of Directors' meeting<br>on 30 March 2018 | 10,000  | 1,250                                | 18 April 2018 |
| Total                                  |   | 10,000  | 1,250                                |               |

During the three-month period ended 31 March 2018, the Company received dividend income at 55 percent for a total of USD 5.5 million or equivalent to Baht 170.8 million. The Company had been withheld the withholding tax deducted at source of Baht 34.1 million.

**PT. Singlurus Pratama**

| Dividends                              | Approved by                                     | Total<br>dividends<br>(Thousand<br>US Dollar) | Dividend<br>per share<br>(US Dollar) | Paid on       |
|--|---|---|--------------------------------------|---------------|
| <b><u>2018</u></b>                     |   |   |                                      |               |
| The third interim dividend<br>for 2017 | Board of Directors' meeting<br>on 23 March 2018 | 5,009   | 630                                  | 12 April 2018 |
| Total                                  |   | 5,009   | 630                                  |               |

During the three-month period ended 31 March 2018, the Company received dividend income at 65 percent for a total of USD 3.3 million or equivalent to Baht 100.9 million. The Company had been withheld the withholding tax deducted at source of Baht 20.2 million.

## 21. 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. The Company and subsidiaries recognised revenue at the point in time. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding of the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2019 and 2018.

(Unit: Million Baht)

|   | For the three-month periods ended 31 March |             |                        |              |                  |             |   |             |              |              |
|---|--|-------------|------------------------|--------------|------------------|-------------|---|-------------|--------------|--------------|
|   | Domestic coal business                     |             | Overseas coal business |              | Ethanol business |             | Elimination of inter-segment transactions |             | Total        |              |
|   | <u>2019</u>                                | <u>2018</u> | <u>2019</u>            | <u>2018</u>  | <u>2019</u>      | <u>2018</u> | <u>2019</u>                               | <u>2018</u> | <u>2019</u>  | <u>2018</u>  |
| <b>Revenues</b>                                       |  |             |                        |              |                  |             |   |             |              |              |
| Revenues from external customers                      | 260  | 374         | 1,771                  | 2,083        | 753              | 606         | -   | -           | 2,784        | 3,063        |
| Inter-segment revenues                                | 66   | 49          | 113                    | -            | -                | -           | (179)                                     | (49)        | -            | -            |
| <b>Total revenue</b>                                  | <b>326</b>                                 | <b>423</b>  | <b>1,884</b>           | <b>2,083</b> | <b>753</b>       | <b>606</b>  | <b>(179)</b>                              | <b>(49)</b> | <b>2,784</b> | <b>3,063</b> |
| <b>Operating results</b>                              |  |             |                        |              |                  |             |   |             |              |              |
| <b>Segment gross profit</b>                           | 113  | 98          | 767                    | 1,046        | 224              | 97          | (69)                                      | (49)        | 1,035        | 1,192        |
| Other income  |  |             |                        |              |                  |             |   |             | 8            | 13           |
| Share of profit from investment in associated company |  |             |                        |              |                  |             |   |             | 2            | 4            |
| Gain (loss) on exchange                               |  |             |                        |              |                  |             |   |             | 19           | (18)         |
| Selling and distribution expenses                     |  |             |                        |              |                  |             |   |             | (588)        | (476)        |
| Administrative expenses                               |  |             |                        |              |                  |             |   |             | (76)         | (84)         |
| Damage from flood event                               |  |             |                        |              |                  |             |   |             | -            | (2)          |
| Finance cost  |  |             |                        |              |                  |             |   |             | (37)         | (15)         |
| <b>Profit before income tax expenses</b>              |  |             |                        |              |                  |             |   |             | <b>363</b>   | <b>614</b>   |
| Income tax expenses                                   |  |             |                        |              |                  |             |   |             | (71)         | (176)        |
| <b>Profit for the period</b>                          |  |             |                        |              |                  |             |   |             | <b>292</b>   | <b>438</b>   |

## **22. Significant contracts and agreements**

22.1 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.

22.2 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.

22.3 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.

## **23. Commitments and contingent liabilities**

### **23.1 Capital commitments**

As at 31 March 2019, the Company and the subsidiaries had capital commitments of Baht 237.9 million, relating to the construction of the Company’s coal screening plant and the subsidiary’s construction of Vinasse Evaporation Plant and the other projects of the subsidiaries. (31 December 2018: Baht 286.5 million, relating to the construction of the Company’s coal screening plant and the subsidiaries’ construction of Wastewater Evaporation Plant, port loading conveyor and other construction projects.)

### **23.2 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:

(Unaudited but reviewed)

(Unit: Million Baht)

| Payable                          | Consolidated         |                     | Separate             |                     |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                  | financial statements |                     | financial statements |                     |
|                                  | 31 March<br>2019     | 31 December<br>2018 | 31 March<br>2019     | 31 December<br>2018 |
| In up to 1 year                  | 40                   | 41                  | 12                   | 12                  |
| In over 1 year and up to 5 years | 37                   | 40                  | 11                   | 9                   |

- 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.

### 23.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

| Payable                          | Consolidated         |                     | Separate             |                     |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                  | financial statements |                     | financial statements |                     |
|                                  | 31 March<br>2019     | 31 December<br>2018 | 31 March<br>2019     | 31 December<br>2018 |
| In up to 1 year                  | 4.7                  | 2.1                 | 1.1                  | 0.9                 |
| In over 1 year and up to 5 years | 0.8                  | 1.0                 | 0.8                  | 1.0                 |

- b) The Company and its subsidiaries have commitments under service agreements regarding the legal consulting, the consulting for financing and safety and other consulting of Baht 18.0 million (The Company Only: Baht 17.6 million) (31 December 2018: Baht 8.7 million (The Company Only: Baht 8.7 million)).
- c) The Company had commitment under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreements.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.

- e) The local subsidiary 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. For the sixth year onwards, the price is to be determined in each year. 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.

#### **23.4 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.

#### **23.5 Guarantees**

As at 31 March 2019, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million, Rupiah 64,607 million and USD 0.1 million (the Company only: Baht 0.9 million) (31 December 2018: Baht 6 million, Rupiah 53,302 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 subsidiaries, and guarantee contractual performance for using of electric to the Provincial Electricity Authority.

#### **24. 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 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 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 and on 17 April 2019, the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court. The Court ordered that company 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. As at 31 March 2019, the subsidiary has not received such payment. However, the subsidiary recorded allowance for impairment for the full amount of the advance paid to that company.

On 18 May 2018, the subsidiary sued that company for bankruptcy case which currently is under consideration of the Court.

## 25. Foreign currency risk

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

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

| As at 31 March 2019 |                  |                       |                                    |                     |
|---------------------|------------------|-----------------------|------------------------------------|---------------------|
| Foreign currency    | Financial assets | Financial liabilities | Exchange rate                      |                     |
|                     | (Million)        | (Million)             | (Baht per 1 foreign currency unit) |                     |
|                     |                  |                       | <u>Buying rate</u>                 | <u>Selling rate</u> |
| US dollar           | 6.9              | 2.0                   | 31.6449                            | 31.9785             |

  

| As at 31 December 2018 |                  |                       |                                    |                     |
|------------------------|------------------|-----------------------|------------------------------------|---------------------|
| Foreign currency       | Financial assets | Financial liabilities | Exchange rate                      |                     |
|                        | (Million)        | (Million)             | (Baht per 1 foreign currency unit) |                     |
|                        |                  |                       | <u>Buying rate</u>                 | <u>Selling rate</u> |
| US dollar              | 6.1              | 0.01                  | 32.2848                            | 32.6148             |

Foreign exchange contracts outstanding are summarised below.

| As at 31 March 2019 |               |   |                           |
|---------------------|---------------|---|---------------------------|
| Foreign currency    | Bought amount | Contractual exchange rate for amount bought | Contractual Maturity date |
|                     | (Million)     |   |                           |
| US dollar           | 1.6           | 31.58 - 31.61                               | May 2019                  |

| As at 31 December 2018 |               |   |                           |
|------------------------|---------------|---|---------------------------|
| Foreign currency       | Bought amount | Contractual exchange rate for amount bought | Contractual Maturity date |
|                        | (Million)     |   |                           |
| US dollar              | 0.5           | 32.54                                       | February 2019             |

## 26. Fair value hierarchy

As at 31 March 2019, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

|   | Consolidated         |         | Separate             |         |
|---|----------------------|---------|----------------------|---------|
|   | financial statements |         | financial statements |         |
|   | Level 2              | Total   | Level 2              | Total   |
| Held for trade investments - open funds | 451,427              | 451,427 | 446,499              | 446,499 |

## 27. Reclassification

The Company reclassified accounts in the income statements for the three-month period ended 31 March 2018 to conform with current period's classification as follows:

|   | Consolidated         |                        | Separate             |                        |
|---|----------------------|------------------------|----------------------|------------------------|
|   | financial statements |                        | financial statements |                        |
|   | As reclassified      | As previously reported | As reclassified      | As previously reported |
| <u>Income statements for the three-month period</u> |                      |                        |                      |                        |
| Service income                                      | -                    | -                      | 7,784                | 11,343                 |
| Selling and distribution expenses                   | 476,097              | 472,538                | 40,094               | 40,094                 |
| Administrative expenses                             | 84,320               | 87,879                 | 24,530               | 28,089                 |

## **28. Events after the reporting period**

### **28.1 Amendments to the law relating to the legal severance pay rates**

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 7.2 million (The Company only: Baht 6.6 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

### **28.2 Dividend paid of the Company**

On 22 April 2019, the Annual General Meeting of the Company's shareholders passed a resolution approving the payment of dividend in respect of the 2018 operating income of Baht 0.75 per share or a total of Baht 394 million. Following the Company's Board of Directors' Meeting on 16 October 2018, which passed the resolution approving the payment of interim dividend of Baht 0.45 per share or a total of Baht 236 million, the additional payment of dividend remains at Baht 0.30 per share or a total of Baht 158 million which will be paid on 15 May 2019. In addition, the meeting approved to set aside general reserve of Baht 206 million. The dividend and general reserve will be recorded in the second quarter of the current year.

### **28.3 Dividend paid of the subsidiary**

On 25 April 2019, the Annual General Meeting of the subsidiary shareholders passed a resolution to approve the payment of dividend from retained earnings from BOI promoted operation to the subsidiary shareholders for 1,000 million shares of Baht 0.25 per share, or a total of Baht 250 million. The interim dividends were paid on 14 September 2018 of Baht 0.10 per share, amounting to Baht 100 million and there is remaining dividend of Baht 0.15 per share amounting to Baht 150 million. The subsidiary will pay such dividend on 24 May 2019.

## **29. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised board of directors on 14 May 2019.