

Lanna Resources Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 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 30 June 2019, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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 August 2019

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Assets					
Current assets					
Cash and cash equivalents	4	470,237	605,364	29,356	156,032
Current investments	5	561,920	646,335	558,430	640,999
Trade and other receivables	3, 6	742,745	1,089,581	220,695	188,011
Inventories		622,148	369,652	181,700	136,915
Value added tax refundable		615,062	785,005	4,744	-
Prepaid income tax		203,386	132,955	6,230	-
Advance payments for goods	3, 7	256,398	660,045	198,294	108,114
Other current financial assets		71,100	30,316	3,377	2,009
Total current assets		3,542,996	4,319,253	1,202,826	1,232,080
Non-current assets					
Restricted bank deposits	4	124,332	105,065	-	-
Investments in subsidiaries	8	-	-	768,332	764,538
Investment in associated company	9	16,494	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	4,088,934	3,971,991	323,273	312,926
Goodwill		186,000	186,000	-	-
Intangible assets	12	164,265	174,172	161,971	171,496
Deferred tax assets		24,267	22,577	20,970	19,308
Other non-current assets	13	448,312	569,201	4,355	3,822
Total non-current assets		5,326,181	5,326,462	1,553,369	1,546,558
Total assets		8,869,177	9,645,715	2,756,195	2,778,638

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	856,629	1,370,413	-	-
Trade and other payables	3, 15	507,629	616,864	37,833	45,416
Current portion of liabilities under finance lease agreements		1,020	2,095	-	-
Current portion of long-term loans from financial institution	16	143,834	102,000	-	-
Accrued expenses		211,529	436,868	8,571	22,086
Income tax payable		34,917	59,572	-	-
Other current liabilities		82,306	87,670	19,125	15,139
Total current liabilities		1,837,864	2,675,482	65,529	82,641
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		665	710	-	-
Long-term loans from financial institution - net of current portion	16	501,313	525,968	-	-
Provision for long-term employee benefits	17	219,371	202,236	38,235	29,924
Provision for mine reclamation and decommissioning costs		83,014	93,905	-	-
Deferred tax liabilities		160,628	161,747	-	-
Other non-current liabilities		-	69,822	-	-
Total non-current liabilities		964,991	1,054,388	38,235	29,924
Total liabilities		2,802,855	3,729,870	103,764	112,565

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid up				
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400
Retained earnings				
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500
Appropriated - General reserve	1,250,600	1,044,500	1,250,600	1,044,500
Unappropriated	1,928,175	2,018,747	143,931	363,673
Other components of shareholders' equity	(28,230)	42,610	-	-
Equity attributable to owners of the Company	4,408,445	4,363,757	2,652,431	2,666,073
Non-controlling interests of the subsidiaries	1,657,877	1,552,088	-	-
Total shareholders' equity	6,066,322	5,915,845	2,652,431	2,666,073
Total liabilities and shareholders' equity	8,869,177	9,645,715	2,756,195	2,778,638
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Income statements****For the three-month period ended 30 June 2019**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues					
Sales	3	2,259,078	3,374,087	242,109	308,266
Commission and marketing service income	3	-	-	35,349	45,622
Other income					
Dividend income	3, 8, 9	-	-	115,943	181,486
Service income	3	-	-	7,437	8,969
Gain on exchange		-	-	-	13,521
Interest income	3	4,283	5,540	1,456	2,063
Others		4,885	7,265	2,959	5,323
Total other income		9,168	12,805	127,795	211,362
Total revenues		2,268,246	3,386,892	405,253	565,250
Expenses					
Cost of sales	3	1,428,279	2,139,671	205,358	279,245
Selling and distribution expenses		412,390	550,294	37,864	35,146
Administrative expenses		132,883	99,817	42,446	32,300
Loss on exchange		10,356	13,970	12,144	-
Total expenses		1,983,908	2,803,752	297,812	346,691
Profit before share of profit from investment					
finance cost and income tax expenses		284,338	583,140	107,441	218,559
Share of profit from investment in associated company	9	2,004	2,686	-	-
Profit before finance cost and income tax expenses		286,342	585,826	107,441	218,559
Finance cost		(11,349)	(17,470)	-	-
Profit before income tax expenses		274,993	568,356	107,441	218,559
Income tax expenses	19	(52,483)	(183,211)	(2,822)	(31,373)
Profit for the period		222,510	385,145	104,619	187,186
Profit attributable to:					
Equity holders of the Company		106,204	222,354	104,619	187,186
Non-controlling interests of the subsidiaries		116,306	162,791		
		222,510	385,145		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.20	0.42	0.20	0.36

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries
Statements of comprehensive income
For the three-month period ended 30 June 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>
Profit for the period	<u>222,510</u>	<u>385,145</u>	<u>104,619</u>	<u>187,186</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(72,132)</u>	<u>136,568</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(72,132)</u>	<u>136,568</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(72,132)</u>	<u>136,568</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>150,378</u>	<u>521,713</u>	<u>104,619</u>	<u>187,186</u>
Total comprehensive income attributable to:				
Equity holders of the Company	60,933	308,407	<u>104,619</u>	<u>187,186</u>
Non-controlling interests of the subsidiaries	<u>89,445</u>	<u>213,306</u>		
	<u>150,378</u>	<u>521,713</u>		

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

Lanna Resources Public Company Limited and its subsidiaries**Income statements**

For the six-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Sales	3	5,043,197	6,437,032	501,685	681,921
Commission and marketing service income	3	-	-	83,904	83,624
Other income					
Dividend income	3, 8, 9	-	-	115,943	453,172
Service income	3	-	-	19,268	16,753
Gain on exchange		9,388	-	-	7,684
Interest income	3	8,350	11,600	3,174	5,116
Others		8,855	14,222	5,985	6,594
Total other income		26,593	25,822	144,370	489,319
Total revenues		5,069,790	6,462,854	729,959	1,254,864
Expenses					
Cost of sales	3	3,177,364	4,010,473	418,833	604,039
Selling and distribution expenses		1,000,685	1,026,391	73,167	75,240
Administrative expenses		209,121	184,137	66,340	56,830
Damage from flood event	18	-	2,251	-	-
Loss on exchange		-	31,669	15,488	-
Total expenses		4,387,170	5,254,921	573,828	736,109
Profit before share of profit from investment					
finance cost and income tax expenses		682,620	1,207,933	156,131	518,755
Share of profit from investment in associated company	9	4,033	6,754	-	-
Profit before finance cost and income tax expenses		686,653	1,214,687	156,131	518,755
Finance cost		(48,433)	(32,128)	-	-
Profit before income tax expenses		638,220	1,182,559	156,131	518,755
Income tax expenses	19	(123,408)	(359,009)	(12,273)	(85,578)
Profit for the period		514,812	823,550	143,858	433,177
Profit attributable to:					
Equity holders of the Company		273,028	479,840	143,858	433,177
Non-controlling interests of the subsidiaries		241,784	343,710		
		514,812	823,550		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.52	0.91	0.27	0.83

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries
Statements of comprehensive income
For the six-month period ended 30 June 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>
Profit for the period	<u>514,812</u>	<u>823,550</u>	<u>143,858</u>	<u>433,177</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(112,450)</u>	<u>35,234</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(112,450)</u>	<u>35,234</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(112,450)</u>	<u>35,234</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>402,362</u>	<u>858,784</u>	<u>143,858</u>	<u>433,177</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>202,188</u>	<u>503,010</u>	<u>143,858</u>	<u>433,177</u>
Non-controlling interests of the subsidiaries	<u>200,174</u>	<u>355,774</u>		
	<u>402,362</u>	<u>858,784</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 six-month period ended 30 June 2019

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Retained earnings					Other components of shareholders' equity						Total shareholders' equity
		Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	
Balance as at 1 January 2018		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		-	-	-	-	479,840	-	-	-	-	479,840	343,710	823,550
Other comprehensive income for the period		-	-	-	-	-	23,170	-	-	23,170	23,170	12,064	35,234
Total comprehensive income for the period		-	-	-	-	479,840	23,170	-	-	23,170	503,010	355,774	858,784
Dividend paid	21	-	-	-	-	(246,750)	-	-	-	-	(246,750)	-	(246,750)
Unappropriated retained earnings transferred to general reserve	21	-	-	-	297,200	(297,200)	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	-	(327,974)	(327,974)
Balance as at 30 June 2018		<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,044,500</u>	<u>2,131,807</u>	<u>(2,355)</u>	<u>75,949</u>	<u>556</u>	<u>74,150</u>	<u>4,508,357</u>	<u>1,583,897</u>	<u>6,092,254</u>
Balance as at 1 January 2019		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		-	-	-	-	273,028	-	-	-	-	273,028	241,784	514,812
Other comprehensive income for the period		-	-	-	-	-	(70,840)	-	-	(70,840)	(70,840)	(41,610)	(112,450)
Total comprehensive income for the period		-	-	-	-	273,028	(70,840)	-	-	(70,840)	202,188	200,174	402,362
Dividend paid	21	-	-	-	-	(157,500)	-	-	-	-	(157,500)	-	(157,500)
Unappropriated retained earnings transferred to general reserve	21	-	-	-	206,100	(206,100)	-	-	-	-	-	-	-
Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	2,045	2,045
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	-	(96,430)	(96,430)
Balance as at 30 June 2019		<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,250,600</u>	<u>1,928,175</u>	<u>(104,735)</u>	<u>75,949</u>	<u>556</u>	<u>(28,230)</u>	<u>4,408,445</u>	<u>1,657,877</u>	<u>6,066,322</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 six-month period ended 30 June 2019

(Unit: Thousand Baht)

		Separate financial statements					
		Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity	
				Appropriated			Unappropriated
Note			Statutory reserve	General reserve			
	Balance as at 1 January 2018	525,000	680,400	52,500	747,300	544,023	2,549,223
	Profit for the period	-	-	-	-	433,177	433,177
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	433,177	433,177
	Dividend paid	-	-	-	-	(246,750)	(246,750)
21	Unappropriated retained earnings transferred to general reserve	-	-	-	297,200	(297,200)	-
	Balance as at 30 June 2018	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,044,500</u>	<u>433,250</u>	<u>2,735,650</u>
	Balance as at 1 January 2019	525,000	680,400	52,500	1,044,500	363,673	2,666,073
	Profit for the period	-	-	-	-	143,858	143,858
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	143,858	143,858
	Dividend paid	-	-	-	-	(157,500)	(157,500)
21	Unappropriated retained earnings transferred to general reserve	-	-	-	206,100	(206,100)	-
	Balance as at 30 June 2019	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,250,600</u>	<u>143,931</u>	<u>2,652,431</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 six-month period ended 30 June 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>
Cash flows from operating activities				
Profit before tax	638,220	1,182,559	156,131	518,755
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	425,517	313,620	16,690	14,197
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	(3,220)	(2,072)	(3,179)	(2,030)
Share of profit from investment in associated company	(4,033)	(6,754)	-	-
Allowance for diminution in value added tax refundable	11,219	-	-	-
Write-off of value added tax refundable and prepaid income tax	553	1,931	-	-
Loss on write-off of equipment	9	653	-	-
Gain on disposals of equipment	(1,366)	(707)	(33)	(12)
Write-back of dividend payable	(51)	(80)	(51)	(80)
Dividend income	-	-	(115,943)	(453,172)
Provision for long-term employee benefits	22,749	17,661	8,311	1,317
Loss on write-off deferred stripping costs	6,747	-	-	-
Provision for mine reclamation and decommissioning costs (reversal)	-2,431	7,570	-	-
Unrealised loss (gain) on exchange	13,027	18,700	16,027	(3,240)
Interest income	(8,350)	(11,600)	(3,174)	(5,116)
Interest expenses	48,083	32,063	-	-
Profit from operating activities before changes in operating assets and liabilities	1,144,112	1,552,989	74,779	70,619
Operating assets (increase) decrease				
Trade and other receivables	384,854	85,434	3,121	32,505
Inventories	(249,837)	(323,953)	(44,785)	31,444
Value added tax refundable	114,287	(38,419)	(4,744)	8,038
Advance payments for goods	361,271	(273,798)	(139,817)	(11,259)
Other current financial assets	(40,784)	(26,020)	(1,368)	(1,297)
Operating liabilities increase (decrease)				
Trade and other payables	(69,053)	36,932	(11,464)	(9,931)
Accrued expenses	(218,760)	(13,305)	(8,615)	(9,915)
Other current liabilities	(12,875)	(33,084)	(10,761)	(8,592)
Cash paid for long-term employee benefits	(6,822)	(5,634)	(4,900)	-
Cash paid for mine reclamation	(7,191)	(10,646)	-	-
Cash from (used in) operating activities	1,399,202	950,496	(148,554)	101,612
Interest income	8,046	13,633	2,867	10,292
Cash paid for interest expenses	(20,886)	(18,757)	-	-
Refund of income tax	1,154	1,605	-	-
Cash paid for income tax	(202,620)	(571,056)	(5,368)	(65,676)
Net cash from (used in) operating activities	1,184,896	375,921	(151,055)	46,228

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 six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in current investments	87,635	227,280	85,748	225,655
Increase in restricted bank deposits	(24,789)	(31,534)	-	-
Dividend received from subsidiaries and associated company	11,418	-	115,943	297,186
Cash paid for investment in subsidiary	-	-	(3,794)	-
Proceed from disposals of equipment	1,819	758	33	15
Acquisitions of property, plant and equipment	(342,004)	(283,954)	(15,000)	(6,348)
Acquisitions of computer software	(393)	(1,364)	(202)	(25)
Cash paid for transferring service fees	-	(191,939)	-	(191,939)
Cash paid for advance payment for share subscription	-	(191,223)	-	(191,223)
Increase in other non-current assets	(195,523)	(208,218)	(533)	-
Net cash from (used in) investing activities	(461,837)	(680,194)	182,195	133,321
Cash flows from financing activities				
Net increase (decrease) in short-term loans from financial institutions	(503,499)	583,630	-	-
Cash paid for liabilities under finance lease agreements	(1,182)	(1,706)	-	-
Cash paid for liabilities under capital lease agreement	(98,078)	(65,476)	-	-
Cash received from long-term loan from financial institution	47,097	150,830	-	-
Repayment of long-term loan from financial institution	(30,000)	(90,000)	-	-
Dividend paid	(253,930)	(465,310)	(157,500)	(246,750)
Decrease in non-controlling interests of the subsidiaries	(39,565)	12,064	-	-
Net cash from (used in) financing activities	(879,157)	124,032	(157,500)	(246,750)
Increase in translation adjustments	21,287	8,522	-	-
Net decrease in cash and cash equivalents	(134,811)	(171,719)	(126,360)	(67,201)
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	(316)	22	(316)	22
Cash and cash equivalents at end of period (Note 4)	470,237	956,373	29,356	194,443

Supplemental cash flows information:

Non-cash transactions from investing activities

Dividend receivable from subsidiaries	-	-	-	155,986
Payables from purchases of plant and equipment and intangible assets	21,750	75,586	5,743	124
Transfer equipment to intangible assets	-	10	-	10

Non-cash transactions from financing activities

Dividend payable to non-controlling interests of subsidiaries	-	109,414	-	-
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The accompanying notes are an integral part of the financial statements.

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	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	-	-	104,525	181,486
Commission and marketing service income	-	-	35,349	45,622
Service income	-	-	7,437	8,969
Purchase of coal	-	-	60,485	-
<u>Transactions with associated company</u>				
Dividend income	11,418	-	11,418	-
Purchase of coal	-	77,482	-	77,482
Freight charge	41,736	37,513	41,736	37,513
<u>Transactions with related company</u>				
Sales of coal	164,186	216,683	164,186	216,683

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	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	-	-	104,525	453,172
Commission and marketing service income	-	-	83,904	83,624
Service income	-	-	19,268	16,753
Interest income	-	-	-	805
Purchase of coal	-	-	173,767	-
<u>Transactions with major shareholder</u>				
Sales of coal	-	162,946	-	162,946
<u>Transactions with associated company</u>				
Dividend income	11,418	-	11,418	-
Purchase of coal	-	238,672	-	238,672
Freight charge	96,481	84,522	96,481	84,522
<u>Transactions with related company</u>				
Sales of coal	343,132	311,394	343,132	311,394

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

As at 30 June 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	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Subsidiaries	-	-	78,120	67,600
Related company (related by common shareholder and/or common directors)	61,307	81,383	61,307	81,383
Total trade and other receivables - related parties	<u>61,307</u>	<u>81,383</u>	<u>139,427</u>	<u>148,983</u>
<u>Advance payments for goods - related party</u>				
(Note 7)				
Subsidiaries	-	-	152,866	-
Total advance payments for goods - related party	<u>-</u>	<u>-</u>	<u>152,866</u>	<u>-</u>
<u>Trade and other payables - related party</u>				
(Note 15)				
Associated company	2,410	530	2,410	530
Total trade and other payables - related party	<u>2,410</u>	<u>530</u>	<u>2,410</u>	<u>530</u>

Directors and management's benefits

During the three-month and six-month periods ended 30 June 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 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	42,968	44,010	12,314	12,990
Post-employment benefits	5,674	7,534	2,460	285
Total	48,642	51,544	14,774	13,275

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	71,972	73,572	18,779	19,122
Post-employment benefits	9,103	11,691	2,748	570
Total	81,075	85,263	21,527	19,692

4. Cash and cash equivalents/Restricted bank deposits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Cash	160	150	40	40
Bank deposits	594,409	710,279	29,316	155,992
Total	594,569	710,429	29,356	156,032
Less: Restricted bank deposits	(124,332)	(105,065)	-	-
Total	470,237	605,364	29,356	156,032

As at 30 June 2019, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 7.0 percent per annum (31 December 2018: between 0.1 and 7.5 percent per annum).

As at 30 June 2019, the overseas subsidiaries have restricted bank deposits of USD 4.0 million or approximately Baht 124.3 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 24.5.

5. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Investments in trading securities - Open funds - fair value	352,710	496,386	349,220	491,050
Investments in debentures	149,210	149,949	149,210	149,949
Bills of exchange	60,000	-	60,000	-
Total	561,920	646,335	558,430	640,999

As at 30 June 2019, the Company had current investments in the form of bills of exchange amounting to Baht 60 million carried interests 1.7 percent per annum and due for redemption within October 2019.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	61,307	81,383	69,217	102,857
Past due				
Up to 3 months	-	-	25,110	24,310
3 - 6 months	-	-	17,357	-
Total trade receivables - related parties	61,307	81,383	111,684	127,167
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	567,312	910,640	41,733	38,149
Past due				
Up to 3 months	24,549	83,753	-	-
3 - 6 months	32,795	-	-	-
Total trade receivables - unrelated parties	624,656	994,393	41,733	38,149
Total trade receivables	685,963	1,075,776	153,417	165,316

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
<u>Other receivables</u>				
Other receivables - related parties	-	-	27,743	21,816
Other receivables - unrelated parties	55,682	13,134	38,520	296
Advances	434	309	434	309
Interest receivable - unrelated parties	666	362	581	274
Total other receivables	56,782	13,805	67,278	22,695
Total trade and other receivables	742,745	1,089,581	220,695	188,011

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 30 June 2019, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 186.9 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	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Advance payments for goods - related parties	-	-	152,866	-
Advance payments for goods - unrelated parties	256,398	660,045	45,428	108,114
Total advance payments for goods	256,398	660,045	198,294	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 30 June 2019, the subsidiary had outstanding advance payments for purchase of molasses amounting to Baht 206.0 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) Dividends received for the six-month periods ended	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	30 June 2018
			(%)	(%)				
Local subsidiaries								
Lanna Power Generation Company Limited	Baht 10 million	Baht 10 million	100.00	100.00	10,000	10,000	-	-
Thai Agro Energy Public Company Limited	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	76,500	25,500
Overseas subsidiaries								
PT. Lanna Mining Services (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 10,500 million	Rp 7,950 million	65.00	65.00	22,420	18,626	-	165,932
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	28,025	261,740
Total					768,332	764,538	104,525	453,172

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		Dividends received for the six-month periods ended	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	Carrying amounts based on equity method		Cost		30 June 2019	30 June 2018
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	Direct holding	SGD 0.1 million	SGD 0.1 million	49	49	16,494	23,879	891	891	11,418	-
Total							16,494	23,879	891	891	11,418	-

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and six-month periods ended 30 June 2019 of approximately Baht 2.0 million and Baht 4.0 million, respectively (2018: Baht 2.7 million and Baht 6.8 million, respectively) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

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

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 30 June 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 six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Net book value as at 1 January 2019	3,971,991	312,926
Acquisitions during the period - cost	300,389	17,310
Disposal/write-off during the period - net book value on disposal/write-off date	(462)	-
Depreciation for the period	(135,282)	(6,963)
Translation adjustments	(47,702)	-
Net book value as at 30 June 2019	<hr/> <u>4,088,934</u>	<hr/> <u>323,273</u>

As at 30 June 2019, a subsidiary had vehicles and office equipment under finance lease agreements with net book values amounting to Baht 3.1 million (31 December 2018: Baht 4.8 million).

As at 30 June 2019, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 345.1 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 6.1 million were capitalised during the six-month period ended 30 June 2019 (31 December 2018: Baht 4.4 million). The weighted average rate of 3.2 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 30 June 2019 amounting to approximately Baht 1,564 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 six-month period ended 30 June 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	255	-	255
Amortisation for period	(872)	(9,290)	(10,162)
Net book value as at 30 June 2019	4,346	159,919	164,265

(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	202	-	202
Amortisation for period	(437)	(9,290)	(9,727)
Net book value as at 30 June 2019	2,052	159,919	161,971

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	
30 June	31 December	30 June	31 December	
2019	2018	2019	2018	
Deferred expenses - Indonesia coal				
mine project	149,634	218,731	-	-
Deferred stripping costs	276,983	328,037	-	-
Others	21,695	22,433	4,355	3,822
Total other non-current assets	<u>448,312</u>	<u>569,201</u>	<u>4,355</u>	<u>3,822</u>
Amortisation expenses for the period/year	<u>279,991</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	
30 June	31 December	30 June	31 December	
2019	2018	2019	2018	
Promissory notes	2.95 - 3.00	2.75 - 2.95	635,186	882,905
Trust receipts	2.95	2.75	161,531	291,807
Bill of purchasing line	3.00 - 3.44	0.06 - 3.10	59,912	195,701
Total			<u>856,629</u>	<u>1,370,413</u>

Movements in short-term loans from financial institutions during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2019	1,370,413
Add: Increase during the period	3,244,569
Less: Repayment during the period	(3,748,068)
Translation adjustments	<u>(10,285)</u>
Balance as at 30 June 2019	<u>856,629</u>

The credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 11.

As at 30 June 2019, the short-term credit facilities of the subsidiary which have not yet been drawn down amounted to Baht 1,263.3 million (31 December 2018: Baht 885.3 million)

(Unaudited but reviewed)

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Trade payables - related party	2,410	530	2,410	530
Trade payables - unrelated parties	412,133	496,300	27,185	39,819
Other payables - unrelated parties	93,086	120,034	8,238	5,067
Total trade and other payables	<u>507,629</u>	<u>616,864</u>	<u>37,833</u>	<u>45,416</u>

16. Long-term loan from financial institution

(Unit: Thousand Baht)

	30 June	31 December
	2019	2018
Long-term loans	<u>645,147</u>	<u>627,968</u>
Less: Current portion	<u>(143,834)</u>	<u>(102,000)</u>
Long-term loans - net of current portion	<u><u>501,313</u></u>	<u><u>525,968</u></u>

Movements in the long-term loans account during the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2019	627,968
Add: Additional loan withdrew during the period	47,097
Amortisation of transaction costs during the period	82
Less: Repayment during the period	<u>(30,000)</u>
Balance as at 30 June 2019	<u><u>645,147</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 30 June 2019, the subsidiary could maintain certain financial ratios as specified in the long-term loan agreements.

As at 30 June 2019, the long-term credit facilities of the subsidiary which have not yet been drawn down amounted to Baht 42.1 million (31 December 2018: Baht 90.0 million).

17. Provision for long-term employee benefits

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 had 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 reflected the effect of the change by recognising past service costs as expenses in the statement of income for the three-month and six-month periods ended 30 June 2019.

18. 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 and six-month period ended 30 June 2018.

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

19. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	59,267	135,190	(1,213)	-
Adjustment in respect of income tax of previous year	(53)	-	(53)	-
Withholding tax deducted at source recognised as expenses during the period	5,605	31,504	5,605	31,504
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,336)	16,517	(1,517)	(131)
Income tax expenses reported in the income statements	<u>52,483</u>	<u>183,211</u>	<u>2,822</u>	<u>31,373</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	114,785	281,908	8,611	-
Adjustment in respect of income tax of previous year	(281)	-	(281)	-
Withholding tax deducted at source recognised as expenses during the period	5,605	85,841	5,605	85,841
Deferred tax:				
Relating to origination and reversal of temporary differences	3,299	(8,740)	(1,662)	(263)
Income tax expenses reported in the income statements	<u>123,408</u>	<u>359,009</u>	<u>12,273</u>	<u>85,578</u>

20. Earnings per share

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

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

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company (Thousand Baht)	106,204	222,354	104,619	187,186
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.20	0.42	0.20	0.36

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company (Thousand Baht)	273,028	479,840	143,858	433,177
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.52	0.91	0.27	0.83

21. Dividend paid

Dividends paid by the Group during the six-month periods ended 30 June 2019 and 2018 are as follows:

The Company

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2019</u>				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.30	15 May 2019
Total		<u>157,500</u>	<u>0.30</u>	
<u>2018</u>				
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	246,750	0.47	15 May 2018
Total		<u>246,750</u>	<u>0.47</u>	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 206.1 million (2018: Baht 297.2 million).

Local subsidiary**Thai Agro Energy Public Co., Ltd.**

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2019</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000	0.15	21 May 2019
Total		150,000	0.15	
<u>2018</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2017	Annual General Meeting of the shareholders on 19 April 2018	50,000	0.05	18 May 2018
Total		50,000	0.05	

Overseas subsidiaries**PT. Lanna Harita Indonesia**

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<u>2019</u>				
The third interim dividend for 2018	Board of Directors' meeting on 16 April 2019	1,600	200	26 April 2019
Total		1,600	200	
<u>2018</u>				
The third interim dividend for 2017	Board of Directors' meeting on 30 March 2018	10,000	1,250	18 April 2018
Final dividends for 2017	Annual General Meeting of the shareholders on 29 June 2018	5,000	625	26 July 2018
Total		15,000	1,875	

(Unaudited but reviewed)

During the six-month period ended 30 June 2019, the Company recorded dividend income at 55 percent for a total of USD 0.9 million or equivalent to Baht 28.0 million. The Company had been withheld the withholding tax deducted at source of Baht 5.6 million (2018: recorded dividend income at 55 percent for a total of USD 8.3 million or equivalent to Baht 261.7 million. The Company had been withheld the withholding tax deducted at source of Baht 52.3 million).

PT. Singlurus Pratama

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

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

22. Segment information

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

The Company and its subsidiaries are organised into business units based on its products. The Company and its subsidiaries recognised revenue at the point in time. During the current period, the subsidiary has changed the organisation of its reportable segments from the fiscal year 2018, by adding a reportable segment, which is soil conditioner. However, at present the operation of such segment is insignificant.

The following tables present revenue and profit information regarding of the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2019 and 2018.

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues										
Revenues from external customers	242	308	1,396	2,350	621	716	-	-	2,259	3,374
Inter-segment revenues	46	59	61	-	-	-	(107)	(59)	-	-
Total revenue	288	367	1,457	2,350	621	716	(107)	(59)	2,259	3,374
Operating results										
Segment gross profit	82	88	625	1,108	171	94	(47)	(56)	831	1,234
Other income									9	13
Share of profit from investment in associated company									2	3
Loss on exchange									(10)	(14)
Selling and distribution expenses									(413)	(550)
Administrative expenses									(133)	(100)
Finance cost									(11)	(17)
Profit before income tax expenses									275	569
Income tax expenses									(52)	(183)
Non-controlling interests of the subsidiaries									(116)	(163)
Profit for the period									107	223

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	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>
Revenues										
Revenues from external customers	502	682	3,167	4,433	1,374	1,322	-	-	5,043	6,437
Inter-segment revenues	112	108	174	-	-	-	(286)	(108)	-	-
Total revenue	<u>614</u>	<u>790</u>	<u>3,341</u>	<u>4,433</u>	<u>1,374</u>	<u>1,322</u>	<u>(286)</u>	<u>(108)</u>	<u>5,043</u>	<u>6,437</u>
Operating results										
Segment gross profit	195	186	1,392	2,154	395	191	(116)	(105)	1,866	2,426
Other income									17	26
Share of profit from investment in associated company									4	7
Gain (loss) on exchange									9	(32)
Selling and distribution expenses									(1,001)	(1,026)
Administrative expenses									(209)	(184)
Loss from flood event									-	(2)
Finance cost									(48)	(32)
Profit before income tax expenses									<u>638</u>	<u>1,183</u>
Income tax expenses									(123)	(359)
Non-controlling interests of the subsidiaries									(241)	(344)
Profit for the period									<u>274</u>	<u>480</u>

23. Significant contracts and agreements

23.1 In 1998, PT. Lanna Harita Indonesia had been granted the right under a Coal Contract of Work (“CCOW”) from the Indonesian government to explore for and exploit coal for a period of thirty years in a total survey area of 30,018 hectares in Tanah Merah in Samarinda and Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract. Subsequently on 17 January 2018, the subsidiary amended certain condition in the contract with the Indonesian government.

23.2 In 1997, PT. Singlurus Pratama was granted the right under a Coal Contract of Work (“CCOW”) from the Indonesian government to explore for and exploit coal for a period of thirty years beginning at the commencement of the first mining operation in a total survey area of 24,760 hectares in Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract. In February 2009, the subsidiary received the consent from Indonesian government to start the production activities. Subsequently on 17 January 2018, the subsidiary amended certain conditions in the contract with the Indonesian government.

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

Subsequently on 29 October 2016, PT. Singlurus Pratama has made the agreement to amend the service fees to the new rates as stipulated in the agreements. This agreement shall be effective retroactively as of 1 August 2016.

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 June 2019, the Company and the subsidiaries had capital commitments of Baht 253.2 million, relating to the construction of the Company’s jetty and the subsidiaries construction of Vinasse Evaporation Plant, port loading conveyor and the other projects. (31 December 2018: Baht 286.5 million, relating to the construction of the Company’s coal screening plant and the subsidiaries’ construction of Vinasse Evaporation Plant, port loading conveyor and other construction projects.)

24.2 Operating lease commitments

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

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
In up to 1 year	36	41	10	12
In over 1 year and up to 5 years	30	40	9	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.

24.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
In up to 1 year	5.3	2.1	1.0	0.9
In over 1 year and up to 5 years	0.6	1.0	0.6	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 14.6 million (The Company Only: Baht 14.2 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, 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.

24.4 Coal supply agreement commitments

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

24.5 Guarantees

As at 30 June 2019, the Company and its subsidiaries had bank guarantees of approximately Baht 6.0 million, Rupiah 62,851.7 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.

25. Litigation

On September 2011, a company sued the subsidiary for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The subsidiary submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case has been finalised on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order 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. Now the execution of judgment is in process.

In addition, on 18 May 2018, the subsidiary sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The subsidiary has already made attachment of the claim.

As at 30 June 2019, the subsidiary has not received such payment, however, the subsidiary recorded allowance for impairment in advance paid to that company for a whole amount.

26. Foreign currency risk

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

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

As at 30 June 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	.10.8	0.08	30.5733	30.9152

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 30 June 2019			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	2.0	30.57 - 31.80	August 2019 - June 2020

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

27. Fair value hierarchy

As at 30 June 2019, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Level 2	Total	Level 2	Total
Held for trade investments - open funds	352,710	352,710	349,220	349,220

28. Approval of interim financial statements

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