

Lanna Resources Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 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 September 2019, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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: 13 November 2019

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Assets					
Current assets					
Cash and cash equivalents	4	468,189	605,364	39,967	156,032
Current investments	5	800,002	646,335	797,198	640,999
Trade and other receivables	3, 6	946,088	1,089,581	165,973	188,011
Inventories		620,700	369,652	165,533	136,915
Value added tax refundable		538,175	785,005	781	-
Prepaid income tax		247,982	132,955	-	-
Advance payments for goods	3, 7	78,169	660,045	182,299	108,114
Other current financial assets		113,571	30,316	3,219	2,009
Total current assets		3,812,876	4,319,253	1,354,970	1,232,080
Non-current assets					
Restricted bank deposits	4	107,463	105,065	-	-
Investments in subsidiaries	8	-	-	768,333	764,538
Investment in associated company	9	17,831	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	4,177,007	3,971,991	335,135	312,926
Biological asset		1,287	-	-	-
Goodwill		186,000	186,000	-	-
Intangible assets	12	159,997	174,172	157,759	171,496
Deferred tax assets		24,721	22,577	21,144	19,308
Other non-current assets	13	447,999	569,201	3,735	3,822
Total non-current assets		5,395,882	5,326,462	1,560,574	1,546,558
Total assets		9,208,758	9,645,715	2,915,544	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 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	899,145	1,370,413	-	-
Trade and other payables	3, 15	464,075	616,864	51,260	45,416
Current portion of liabilities under finance lease agreements		2,057	2,095	-	-
Current portion of long-term loans from financial institutions	16	158,776	102,000	-	-
Accrued expenses		321,177	436,868	11,681	22,086
Income tax payable		22,234	59,572	-	-
Other current liabilities		91,029	87,670	11,531	15,139
Total current liabilities		1,958,493	2,675,482	74,472	82,641
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		5,875	710	-	-
Long-term loans from financial institutions - net of current portion	16	659,205	525,968	-	-
Provision for long-term employee benefits	17	223,633	202,236	39,107	29,924
Provision for mine reclamation and decommissioning costs		81,244	93,905	-	-
Deferred tax liabilities		158,937	161,747	-	-
Other non-current liabilities		-	69,822	-	-
Total non-current liabilities		1,128,894	1,054,388	39,107	29,924
Total liabilities		3,087,387	3,729,870	113,579	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 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid up				
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000
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	2,033,300	2,018,747	293,465	363,673
Other components of shareholders' equity	(35,175)	42,610	-	-
Equity attributable to owners of the Company	4,506,625	4,363,757	2,801,965	2,666,073
Non-controlling interests of the subsidiaries	1,614,746	1,552,088	-	-
Total shareholders' equity	6,121,371	5,915,845	2,801,965	2,666,073
Total liabilities and shareholders' equity	9,208,758	9,645,715	2,915,544	2,778,638

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 30 September 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	2,291,178	3,150,313	249,020	337,691
Commission and marketing service income	3	-	-	38,170	41,646
Other income					
Dividend income	3, 8, 9	-	-	135,448	139,260
Service income	3	-	-	7,961	7,960
Gain on exchange		1,004	-	632	483
Interest income	3	4,158	5,949	1,289	2,180
Others		52,458	3,404	9,078	2,249
Total other income		57,620	9,353	154,408	152,132
Total revenues		2,348,798	3,159,666	441,598	531,469
Expenses					
Cost of sales	3	1,575,878	2,029,275	211,729	300,142
Selling and distribution expenses		412,336	542,709	36,252	39,888
Administrative expenses		130,592	174,746	24,945	35,779
Loss on exchange		-	29,907	-	-
Total expenses		2,118,806	2,776,637	272,926	375,809
Profit before share of profit from investment					
finance cost and income tax expenses		229,992	383,029	168,672	155,660
Share of profit from investment in associated company	9	1,337	2,795	-	-
Profit before finance cost and income tax expenses		231,329	385,824	168,672	155,660
Finance cost		(9,143)	(15,045)	-	-
Profit before income tax expenses		222,186	370,779	168,672	155,660
Income tax expenses	19	(30,636)	(110,304)	(19,138)	(14,278)
Profit for the period		191,550	260,475	149,534	141,382
Profit attributable to:					
Equity holders of the Company		105,125	144,696	149,534	141,382
Non-controlling interests of the subsidiaries		86,425	115,779		
		191,550	260,475		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.20	0.28	0.28	0.27

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 September 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>191,550</u>	<u>260,475</u>	<u>149,534</u>	<u>141,382</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>(11,136)</u>	<u>(55,238)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(11,136)</u>	<u>(55,238)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(11,136)</u>	<u>(55,238)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>180,414</u>	<u>205,237</u>	<u>149,534</u>	<u>141,382</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>98,180</u>	<u>109,954</u>	<u>149,534</u>	<u>141,382</u>
Non-controlling interests of the subsidiaries	<u>82,234</u>	<u>95,283</u>		
	<u>180,414</u>	<u>205,237</u>		

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

(Unaudited but reviewed)

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

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

	Note	Consolidated financial statements		Separate financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues					
Sales	3	7,334,375	9,587,345	750,705	1,019,612
Commission and marketing service income	3	-	-	122,074	125,270
Other income					
Dividend income	3, 8, 9	-	-	251,391	592,432
Service income	3	-	-	27,229	24,713
Gain on exchange		10,392	-	-	8,167
Interest income	3	12,508	17,549	4,463	7,296
Others		61,313	17,626	15,063	8,843
Total other income		84,213	35,175	298,146	641,451
Total revenues		7,418,588	9,622,520	1,170,925	1,786,333
Expenses					
Cost of sales	3	4,753,242	6,039,748	630,562	904,181
Selling and distribution expenses		1,413,021	1,569,100	109,419	115,128
Administrative expenses		339,713	358,883	91,285	92,609
Damage from flood event	18	-	2,251	-	-
Loss on exchange		-	61,576	14,856	-
Total expenses		6,505,976	8,031,558	846,122	1,111,918
Profit before share of profit from investment					
finance cost and income tax expenses		912,612	1,590,962	324,803	674,415
Share of profit from investment in associated company	9	5,370	9,549	-	-
Profit before finance cost and income tax expenses		917,982	1,600,511	324,803	674,415
Finance cost		(57,576)	(47,173)	-	-
Profit before income tax expenses		860,406	1,553,338	324,803	674,415
Income tax expenses	19	(154,044)	(469,313)	(31,411)	(99,856)
Profit for the period		706,362	1,084,025	293,392	574,559
Profit attributable to:					
Equity holders of the Company		378,153	624,536	293,392	574,559
Non-controlling interests of the subsidiaries		328,209	459,489		
		<u>706,362</u>	<u>1,084,025</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	20	0.72	1.19	0.56	1.09

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 nine-month period ended 30 September 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>706,362</u>	<u>1,084,025</u>	<u>293,392</u>	<u>574,559</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>(123,586)</u>	<u>(20,004)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(123,586)</u>	<u>(20,004)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(123,586)</u>	<u>(20,004)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>582,776</u>	<u>1,064,021</u>	<u>293,392</u>	<u>574,559</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>300,368</u>	<u>612,964</u>	<u>293,392</u>	<u>574,559</u>
Non-controlling interests of the subsidiaries	<u>282,408</u>	<u>451,057</u>		
	<u>582,776</u>	<u>1,064,021</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 nine-month period ended 30 September 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		-	-	-	-	624,536	-	-	-	-	624,536	459,489	1,084,025
Other comprehensive income for the period		-	-	-	-	-	(11,572)	-	-	(11,572)	(11,572)	(8,432)	(20,004)
Total comprehensive income for the period		-	-	-	-	624,536	(11,572)	-	-	(11,572)	612,964	451,057	1,064,021
Dividend paid	21	-	-	-	-	(483,000)	-	-	-	-	(483,000)	-	(483,000)
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		-	-	-	-	-	-	-	-	-	-	(435,907)	(435,907)
Balance as at 30 September 2018		<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,044,500</u>	<u>2,040,253</u>	<u>(37,097)</u>	<u>75,949</u>	<u>556</u>	<u>39,408</u>	<u>4,382,061</u>	<u>1,571,247</u>	<u>5,953,308</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		-	-	-	-	378,153	-	-	-	-	378,153	328,209	706,362
Other comprehensive income for the period		-	-	-	-	-	(77,785)	-	-	(77,785)	(77,785)	(45,801)	(123,586)
Total comprehensive income for the period		-	-	-	-	378,153	(77,785)	-	-	(77,785)	300,368	282,408	582,776
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		-	-	-	-	-	-	-	-	-	-	(221,795)	(221,795)
Balance as at 30 September 2019		<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,250,600</u>	<u>2,033,300</u>	<u>(111,680)</u>	<u>75,949</u>	<u>556</u>	<u>(35,175)</u>	<u>4,506,625</u>	<u>1,614,746</u>	<u>6,121,371</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 nine-month period ended 30 September 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	-	-	-	-	574,559	574,559
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	574,559	574,559
	Dividend paid	-	-	-	-	(483,000)	(483,000)
21	Unappropriated retained earnings transferred to general reserve	-	-	-	297,200	(297,200)	-
	Balance as at 30 September 2018	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,044,500</u>	<u>338,382</u>	<u>2,640,782</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	-	-	-	-	293,392	293,392
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	293,392	293,392
	Dividend paid	-	-	-	-	(157,500)	(157,500)
21	Unappropriated retained earnings transferred to general reserve	-	-	-	206,100	(206,100)	-
	Balance as at 30 September 2019	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,250,600</u>	<u>293,465</u>	<u>2,801,965</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 nine-month period ended 30 September 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	860,406	1,553,338	324,803	674,415
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	586,312	512,823	24,709	20,998
Reversal of reduction of inventories to net realisable value	(2,561)	(555)	-	-
Reversal of allowance for impairment of advance for purchase of goods	(205)	-	-	-
Gain on disposals and unrealised gain on change in value of investments in trading securities	(5,175)	(3,196)	(5,118)	(3,134)
Share of profit from investment in associated company	(5,370)	(9,549)	-	-
Allowance for diminution in value added tax refundable	11,164	11,826	-	-
Write-off of value added tax refundable and prepaid income tax	3,210	1,887	-	-
Loss on write-off of equipment	9	642	-	-
Gain on disposals of equipment	(1,432)	(690)	(93)	(10)
Write-back of dividend payable	(51)	(80)	(51)	(80)
Dividend income	-	-	(251,391)	(592,432)
Provision for long-term employee benefits	28,855	25,510	9,183	1,975
Loss on write-off deferred stripping costs	6,713	-	-	-
Provision for mine reclamation and decommissioning costs (reversal)	(1,544)	29,945	-	-
Unrealised loss (gain) on exchange	(11,055)	21,193	12,563	1,527
Interest income	(12,508)	(17,549)	(4,463)	(7,296)
Interest expenses	56,923	47,049	-	-
Profit from operating activities before changes in operating assets and liabilities	1,513,691	2,172,594	110,142	95,963
Operating assets (increase) decrease				
Trade and other receivables	177,661	170,702	56,101	15,765
Inventories	(248,388)	(472,092)	(28,618)	6,491
Value added tax refundable	208,978	(130,918)	(781)	6,046
Advance payments for goods	544,876	(148,459)	(119,429)	(62,851)
Other current financial assets	(83,255)	20,020	(1,210)	(933)
Operating liabilities increase (decrease)				
Trade and other payables	(114,439)	77,385	215	34,227
Accrued expenses	(108,733)	81,069	(5,505)	(7,059)
Other current liabilities	4,286	(14,455)	(9,916)	(7,899)
Cash paid for long-term employee benefits	(7,430)	(5,576)	(4,900)	-
Cash paid for mine reclamation	(9,169)	(17,013)	-	-
Cash from (used in) operating activities	1,878,078	1,733,257	(3,901)	79,750
Interest income	11,646	19,969	3,587	12,888
Cash paid for interest expenses	(29,812)	(27,339)	-	-
Refund of income tax	1,148	1,568	-	-
Cash paid for income tax	(302,039)	(703,879)	(26,888)	(99,475)
Net cash from (used in) operating activities	1,559,021	1,023,576	(27,202)	(6,837)

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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Increase in current investments	(148,492)	(60,313)	(151,081)	(62,405)
Increase in restricted bank deposits	(8,413)	(16,153)	-	-
Dividend received from subsidiaries and associated company	11,418	16,212	251,391	520,384
Cash paid for investment in subsidiary	-	-	(3,795)	-
Proceed from disposals of equipment	1,907	759	100	25
Acquisitions of property, plant and equipment	(493,928)	(481,349)	(27,849)	(17,503)
Acquisitions of biological asset	(1,287)	-	-	-
Acquisitions of computer software	(579)	(1,415)	(226)	(47)
Cash paid for transferring service fees	-	(191,939)	-	(191,939)
Cash paid for advance payment for share subscription	-	(241,154)	-	(241,154)
Increase in other non-current assets	<u>(284,685)</u>	<u>(408,220)</u>	<u>87</u>	<u>5</u>
Net cash from (used in) investing activities	<u>(924,059)</u>	<u>(1,383,572)</u>	<u>68,627</u>	<u>7,366</u>
Cash flows from financing activities				
Net increase (decrease) in short-term loans from financial institutions	(460,062)	390,655	-	-
Cash paid for liabilities under finance lease agreements	(1,939)	(2,558)	-	-
Cash paid for liabilities under capital lease agreement	(101,483)	(139,749)	-	-
Cash received from long-term loan from financial institution	219,870	259,405	-	-
Repayment of long-term loan from financial institution	(30,000)	(90,000)	-	-
Dividend paid	(379,295)	(623,709)	(157,500)	(246,750)
Decrease in non-controlling interests of the subsidiaries	<u>(43,756)</u>	<u>(8,432)</u>	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>(796,665)</u>	<u>(214,388)</u>	<u>(157,500)</u>	<u>(246,750)</u>
Increase (decrease) in translation adjustments	<u>24,518</u>	<u>(16,462)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(137,185)</u>	<u>(590,846)</u>	<u>(116,075)</u>	<u>(246,221)</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>10</u>	<u>1</u>	<u>10</u>	<u>1</u>
Cash and cash equivalents at end of period (Note 4)	<u><u>468,189</u></u>	<u><u>537,225</u></u>	<u><u>39,967</u></u>	<u><u>15,402</u></u>

Supplemental cash flows information:

Non-cash transactions from investing activities				
Dividend receivable from subsidiaries	-	-	-	72,048
Payables from purchases of plant and equipment and intangible assets	24,637	68,094	8,546	3,180
Transfer equipment to intangible assets	-	10	-	10
Non-cash transactions from financing activities				
Dividend payable to non-controlling interests of subsidiaries	-	295,198	-	236,250

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 nine-month period ended 30 September 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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which 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, and TAS 41, Agriculture, as follows:

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.

Agriculture

The subsidiary's biological assets consist of Mangium which was measured at its fair value less costs to sell. The fair value of Mangium is determined based on discounted cash flows/ reference to price of Mangium at the point of harvest. Gains or losses on changes in fair value of biological asset is recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at its fair value less costs to sell.

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 30 September

	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	-	-	135,448	123,048
Commission and marketing service income	-	-	38,170	41,646
Service income	-	-	7,961	7,960
Purchase of coal	-	-	55,786	33,782
<u>Transactions with associated company</u>				
Dividend income	-	-	-	16,212
Purchase of coal	-	88,189	-	88,189
Freight charge	40,623	53,845	40,623	53,845
<u>Transactions with related company</u>				
Sales of coal	181,901	259,059	181,901	259,059

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	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	-	-	239,973	576,220
Commission and marketing service income	-	-	122,074	125,270
Service income	-	-	27,229	24,713
Interest income	-	-	-	805
Purchase of coal	-	-	229,553	33,782
<u>Transactions with major shareholder</u>				
Sales of coal	-	162,946	-	162,946
<u>Transactions with associated company</u>				
Dividend income	-	-	11,418	16,212
Purchase of coal	-	326,861	-	326,861
Freight charge	137,104	138,367	137,104	138,367
<u>Transactions with related company</u>				
Sales of coal	525,033	570,453	525,033	570,453

	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 September 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 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade and other receivables - related parties</u>				
(Note 6)				
Subsidiaries	-	-	38,842	67,600
Related company (related by common shareholder and/or common directors)	65,287	81,383	65,287	81,383
Total trade and other receivables - related parties	<u>65,287</u>	<u>81,383</u>	<u>104,129</u>	<u>148,983</u>
<u>Advance payments for goods - related party</u>				
(Note 7)				
Subsidiaries	-	-	152,088	-
Total advance payments for goods - related party	<u>-</u>	<u>-</u>	<u>152,088</u>	<u>-</u>
<u>Trade and other payables - related party</u>				
(Note 15)				
Associated company	2,290	530	2,290	530
Total trade and other payables - related party	<u>2,290</u>	<u>530</u>	<u>2,290</u>	<u>530</u>

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	28,966	42,724	6,410	6,133
Post-employment benefits	2,712	2,911	331	285
Total	<u>31,678</u>	<u>45,635</u>	<u>6,741</u>	<u>6,418</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	100,938	116,296	25,189	25,255
Post-employment benefits	11,815	14,460	3,079	855
Total	<u>112,753</u>	<u>130,756</u>	<u>28,268</u>	<u>26,110</u>

4. Cash and cash equivalents/Restricted bank deposits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Cash	140	150	40	40
Bank deposits	575,512	710,279	39,927	155,992
Total	575,652	710,429	39,967	156,032
Less: Restricted bank deposits	(107,463)	(105,065)	-	-
Total	<u>468,189</u>	<u>605,364</u>	<u>39,967</u>	<u>156,032</u>

As at 30 September 2019, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 6.8 percent per annum (31 December 2018: between 0.1 and 7.5 percent per annum).

As at 30 September 2019, the overseas subsidiaries have restricted bank deposits of USD 3.5 million or approximately Baht 107.5 million (31 December 2018: USD 3.2 million or approximately Baht 105.1 million) to secure mine reclamation of the overseas subsidiaries to the government and guarantee for coal supply of the overseas subsidiary.

(Unaudited but reviewed)

5. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Investments in trading securities - Open funds - fair value	590,941	496,386	588,137	491,050
Investments in debentures	149,061	149,949	149,061	149,949
Bills of exchange	60,000	-	60,000	-
Total	800,002	646,335	797,198	640,999

As at 30 September 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 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	65,287	81,383	80,227	102,857
Past due				
Up to 3 months	-	-	11,980	24,310
Total trade receivables - related parties	65,287	81,383	92,207	127,167
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	741,132	910,640	26,433	38,149
Past due				
Up to 3 months	37,890	83,753	-	-
3 - 6 months	7,971	-	-	-
Total trade receivables - unrelated parties	786,993	994,393	26,433	38,149
Total trade receivables	852,280	1,075,776	118,640	165,316

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Other receivables</u>				
Other receivables - related parties	-	-	11,922	21,816
Other receivables - unrelated parties	52,277	13,134	33,955	296
Advances	307	309	307	309
Insurance claim receivable	40,000	-	-	-
Interest receivable - unrelated parties	1,224	362	1,149	274
Total other receivables	93,808	13,805	47,333	22,695
Total trade and other receivables	946,088	1,089,581	165,973	188,011

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 30 September 2019, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 184.6 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 September 2019	31 December 2018	30 September 2019	31 December 2018
Advance payments for goods - related parties	-	-	152,088	-
Advance payments for goods - unrelated parties	84,833	666,914	30,211	108,114
Total	84,833	666,914	182,299	108,114
Less: Allowance for impairment	(6,664)	(6,869)	-	-
Total advance payments for goods	78,169	660,045	182,299	108,114

A local subsidiary had significant business transactions with local companies in respect of purchases of molasses and raw sugar under the purchase of molasses agreements. To comply with the conditions in the agreements, as at 30 September 2019, the subsidiary had outstanding advance payments for purchase of molasses and raw sugar amounting to Baht 43.0 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 nine-month periods ended	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	30 September 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	178,500	76,500
Overseas subsidiaries								
PT. Lanna Power Indonesia (formerly known as "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	22,421	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	61,473	333,788
Total					<u>768,333</u>	<u>764,538</u>	<u>239,973</u>	<u>576,220</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. During the current period, the subsidiaries evaluated their shares and proposed to Indonesian government sectors which was in accordance with the regulation about the divestment prescribed by Indonesia government sectors. Currently, Indonesian government sectors have been considering the purchase of such shares.

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 nine-month periods ended	
			30 September 2019	31 December 2018	30 September 2019	31 December 2018	Carrying amounts based on equity method		Cost		30 September 2019	30 September 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 (%)	17,831	23,879	891	891	11,418	16,212
Total							17,831	23,879	891	891	11,418	16,212

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and nine-month periods ended 30 September 2019 of approximately Baht 1.3 million and Baht 5.4 million, respectively (2018: Baht 2.8 million and Baht 9.5 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 September 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 nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	3,971,991	312,926
Acquisitions during the period - cost	462,191	32,962
Disposal/write-off during the period - net book value		
on disposal/write-off date	(484)	(7)
Depreciation for the period	(204,728)	(10,746)
Translation adjustments	(51,963)	-
Net book value as at 30 September 2019	<u>4,177,007</u>	<u>335,135</u>

As at 30 September 2019, a local subsidiary had vehicles and office equipment under finance lease agreements with net book values amounting to Baht 9.1 million (31 December 2018: Baht 4.8 million).

As at 30 September 2019, the local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 362.0 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 9.0 million were capitalised during the nine-month period ended 30 September 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).

(Unaudited but reviewed)

As at 30 September 2019, the overseas subsidiary had an outstanding balance of the construction of port loading conveyor amounting to USD 15.0 million or Baht 458.2 million. The construction has been financed with a loan from a financial institution. Borrowing costs amounting to USD 0.01 million or Baht 0.41 million were capitalised during the nine-month period ended 30 September 2019. The weighted average rate of 5.5 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation.

The local subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 30 September 2019 amounting to approximately Baht 1,539 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.

The overseas subsidiary has mortgaged part of its land, machinery, and equipment with net book value as at 30 September 2019 amounting to approximately USD 21.1 million or equivalent to Baht 644.9 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 nine-month period ended 30 September 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	441	-	441
Amortisation for period	(1,314)	(13,302)	(14,616)
Net book value as at 30 September 2019	<u>4,090</u>	<u>155,907</u>	<u>159,997</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	226	-	226
Amortisation for period	(661)	(13,302)	(13,963)
Net book value as at 30 September 2019	<u>1,852</u>	<u>155,907</u>	<u>157,759</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.

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 September 2019	31 December 2018	30 September 2019	31 December 2018
Deferred expenses - Indonesia coal mine project	144,293	218,731	-	-
Deferred stripping costs	282,613	328,037	-	-
Others	21,093	22,433	3,735	3,822
Total other non-current assets	447,999	569,201	3,735	3,822
Amortisation expenses for the period/year	366,844	440,825	-	-

(Unaudited but reviewed)

14. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(percent per annum)		Consolidated	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Promissory notes	2.75 - 3.00	2.75 - 2.95	505,456	882,905
Trust receipts	2.73 - 2.95	2.75	286,534	291,807
Bill of purchasing line	0.06 - 3.44	0.06 - 3.10	107,155	195,701
Total			<u>899,145</u>	<u>1,370,413</u>

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

	(Unit: Thousand Baht)
Balance as at 1 January 2019	1,370,413
Add: Increase during the period	4,688,849
Less: Repayment during the period	(5,148,911)
Translation adjustments	<u>(11,206)</u>
Balance as at 30 September 2019	<u>899,145</u>

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

As at 30 September 2019, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 29.5 million or equivalent to Baht 902.4 million and Baht 1,268.0 million totaling of Baht 2,170.4 million (31 December 2018: Baht 885.3 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 September	31 December	30 September	31 December	
2019	2018	2019	2018	
Trade payables - related party	2,290	530	2,290	530
Trade payables - unrelated parties	378,294	496,300	39,041	39,819
Other payables - unrelated parties	83,491	120,034	9,929	5,067
Total trade and other payables	<u>464,075</u>	<u>616,864</u>	<u>51,260</u>	<u>45,416</u>

(Unaudited but reviewed)

16. Long-term loans from financial institutions

				(Unit: Thousand Baht)	
				Consolidated	
				financial statements	
No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	30 September 2019	31 December 2018
1	418.0	3M THBFIX reference rate + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The principal is payable 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.	396,391	327,968
2	300.0	3M THBFIX reference rate + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	269,683	300,000
3	214.1	5.50	The loan is repayable within 5 years 7 months and is repayable the principal in 60 monthly installments with the first installment on 23 April 2020 and the interest is repayable on monthly basis with the first payment on 23 September 2019.	151,907	-
Total				817,981	627,968
Less: Current portion				(158,776)	(102,000)
Long-term loans, net of current portion				659,205	525,968

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)
Balance as at 1 January 2019	627,968
Add: Additional loan withdrew during the period	220,941
Transaction costs during the period	(1,071)
Amortisation of transaction costs during the period	143
Less: Repayment during the period	<u>(30,000)</u>
Balance as at 30 September 2019	<u>817,981</u>

The loan agreements contain several covenants which, among other things, require the subsidiaries 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 September 2019, the subsidiaries could maintain certain financial ratios as specified in the long-term loan agreements.

As at 30 September 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 2 million or equivalent to Baht 61.5 million and Baht 21.2 million, totaling of Baht 82.7 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2018.

(Unaudited but reviewed)

However, the subsidiary has insurance covering the damages in which sum insured Baht 50 million per each incident. The subsidiary claimed compensation for its losses according to the policy made with the insurer. The insurer agreed to pay the compensation to the subsidiary in the amount of Baht 40 million. Therefore, as at 30 September 2019, the subsidiary has recognised this compensation as an insurance claim receivable in the statement of financial position and recorded as other income in the statement of income for the three-month and nine-month periods ended 30 September 2019. In October 2019, the subsidiary has already received the full amount of the 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 nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	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	18,247	61,421	5,241	-
Adjustment in respect of income tax of previous year	-	2,770	-	-
Withholding tax deducted at source recognised as expenses during the period	14,071	14,410	14,071	14,410
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,682)	31,703	(174)	(132)
Income tax expenses reported in the income statements	<u>30,636</u>	<u>110,304</u>	<u>19,138</u>	<u>14,278</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	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	133,032	343,329	13,852	-
Adjustment in respect of income tax of previous year	(281)	2,770	(281)	-
Withholding tax deducted at source recognised as expenses during the period	19,676	100,251	19,676	100,251
Deferred tax:				
Relating to origination and reversal of temporary differences	1,617	22,963	(1,836)	(395)
Income tax expenses reported in the income statements				
	<u>154,044</u>	<u>469,313</u>	<u>31,411</u>	<u>99,856</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 September			
	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)	105,125	144,696	149,534	141,382
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.20	0.28	0.28	0.27
	For the nine-month periods ended 30 September			
	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)	378,153	624,536	293,392	574,559
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.72	1.19	0.56	1.09

21. Dividend paid

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

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2019				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.30	15 May 2019
Total		157,500	0.30	
2018				
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	246,750	0.47	15 May 2018
Interim dividend for 2018	Board of Directors' Meeting on 17 September 2018	236,250	0.45	16 October 2018
Total		483,000	0.92	

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
2019				
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
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2019	Board of Directors' meeting on 15 August 2019	199,999	0.20	13 September 2019
Total		349,999	0.35	

(Unaudited but reviewed)

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
2018				
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
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2018	Board of Directors' meeting on 16 August 2018	99,985	0.10	14 September 2018
Total		<u>149,985</u>	<u>0.15</u>	

Overseas subsidiariesPT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
2019				
The third interim dividend for 2018	Board of Directors' meeting on 16 April 2019	1,600	200	26 April 2019
The first interim dividend for 2019	Board of Directors' meeting on 6 September 2019	2,000	250	25 September 2019
Total		<u>3,600</u>	<u>450</u>	
2018				
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
The first interim dividend for 2018	Board of Directors' meeting on 28 September 2018	4,000	500	25 October 2018
Total		<u>19,000</u>	<u>2,375</u>	

(Unaudited but reviewed)

During the nine-month period ended 30 September 2019, the Company received dividend income at 55 percent for a total of USD 2.0 million or equivalent to Baht 61.5 million. The Company had been withheld the withholding tax deducted at source of Baht 12.3 million (2018: recorded dividend income at 55 percent for a total of USD 10.5 million or equivalent to Baht 333.8 million. The Company had been withheld the withholding tax deducted at source of Baht 66.8 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 nine-month period ended 30 September 2018, the Company received 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 assess 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 nine-month periods ended 30 September 2019 and 2018.

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	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	249	338	1,421	2,181	621	631	-	-	2,291	3,150
Inter-segment revenues	50	53	56	34	-	-	(106)	(87)	-	-
Total revenue	299	391	1,477	2,215	621	631	(106)	(87)	2,291	3,150
Operating results										
Segment gross profit	88	91	527	980	146	103	(46)	(53)	715	1,121
Other income									57	9
Share of profit from investment in associated company									1	3
Gain (loss) on exchange									1	(30)
Selling and distribution expenses									(412)	(543)
Administrative expenses									(131)	(175)
Finance cost									(9)	(15)
Profit before income tax expenses									222	370
Income tax expenses									(31)	(110)
Non-controlling interests of the subsidiaries									(86)	(115)
Profit for the period									105	145

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	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	751	1,020	4,588	6,614	1,995	1,953	-	-	7,334	9,587
Inter-segment revenues	162	161	230	34	-	-	(392)	(195)	-	-
Total revenue	913	1,181	4,818	6,648	1,995	1,953	(392)	(195)	7,334	9,587
Operating results										
Segment gross profit	283	277	1,919	3,134	541	294	(162)	(158)	2,581	3,547
Other income									74	35
Share of profit from investment in associated company									5	10
Gain (loss) on exchange									10	(62)
Selling and distribution expenses									(1,413)	(1,569)
Administrative expenses									(340)	(359)
Loss from flood event									-	(2)
Finance cost									(57)	(47)
Profit before income tax expenses									860	1,553
Income tax expenses									(154)	(469)
Non-controlling interests of the subsidiaries									(328)	(459)
Profit for the period									378	625

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 September 2019, the Company and the subsidiaries had capital commitments of Baht 91.8 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 September 2019	31 December 2018	30 September 2019	31 December 2018
In up to 1 year	32	41	8	12
In over 1 year and up to 5 years	23	40	6	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 September 2019	31 December 2018	30 September 2019	31 December 2018
In up to 1 year	4.0	2.1	0.9	0.9
In over 1 year and up to 5 years	0.6	1.0	0.4	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 10.6 million (The Company Only: Baht 10.6 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, 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 September 2019, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million and Rupiah 9,500 million (the Company only: Baht 0.9 million) (31 December 2018: Baht 6 million and Rupiah 9,500 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 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.

The subsidiary recorded allowance for impairment in advance paid to that company for a whole amount. Subsequently, on 13 August 2019, the subsidiary received partial payment of Baht 0.2 million from that company. The subsidiary recorded such amount as reversal of the allowance for impairment in advance payment for purchase of goods, which was presented as revenue in the statement of income for the current period.

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 September 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	9.3	0.46	30.4176	30.7661

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 September 2019			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.4	30.33 - 31.38	November 2019 - June 2020

As at 31 December 2018			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	32.54	February 2019

27. Fair value hierarchy

As at 30 September 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	590,941	590,941	588,137	588,137

28. Event after the reporting period

Dividend paid of the Company

On 21 October 2019, the Board of the Company's directors passed a resolution approving the payment of the interim dividend of 2019 of Baht 0.3 per share or a total of Baht 157.5 million. The meeting approved the payment of the interim dividend on 20 November 2019.

29. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised board of directors on 13 November 2019.