

Lanna Resources Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of Lanna Resources Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

#### *Revenue recognition*

Major revenue of the Group is derived from production and distribution of coal and ethanol. The Group recognised revenue, based on the contractual price, when control of goods is transferred to the customer, generally on delivery goods. The price is based on the market price with adjusted by other factors. Revenue from sales is a significant account because the amount of revenue from sales is material and directly affects the Group's profit or loss. In addition, selling prices are based on the fluctuated market price and current demands. I therefore gave significant attention to the revenue recognition of the Group.

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

#### *Coal reserve estimates for the overseas subsidiaries*

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

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

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

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

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

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

I audited the coal reserve estimates by assessing the competency and capability of the management and the expert used by the management to estimate the subsidiary companies' coal reserves as of 31 December 2019. In addition, I tested the significant assumptions used by the management and the expert in the estimation, especially the assumptions relating to coal prices, production levels and discount rate determination. I also reviewed the disclosure of the accounting policy relating to the estimation of coal reserves in the notes to the financial statements.

## *Goodwill*

As at 31 December 2019, the Company recorded goodwill amounting to Baht 186 million, as disclosed in Note 18 to the financial statements. The assessment of goodwill impairment is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from the group of assets in the future, and setting an appropriate discount rate and long-term growth rate. This will affect the appropriateness of the amount of goodwill.

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

### *Estimation of recoverable amount of tax refund claims by overseas subsidiaries*

As of 31 December 2019, three overseas subsidiaries recognised estimates of tax refund claims totaling Baht 882.2 million, which consisted of value added tax and corporate income tax amounting to Baht 601.5 million and Baht 280.7 million, respectively.

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

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

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

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

### **Other Information**

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

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Satida Ratananurak  
Certified Public Accountant (Thailand) No. 4753

EY Office Limited  
Bangkok: 27 February 2020



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

**Statements of financial position**

**As at 31 December 2019**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	477,624,516	605,363,504	124,554,965	156,032,351
Current investments	8	611,568,747	646,335,462	609,312,642	640,998,655
Trade and other receivables	6, 9	706,160,104	1,089,580,500	121,991,706	188,010,704
Inventories	10	729,349,115	369,651,883	140,273,876	136,915,433
Value added tax refundable		647,373,180	785,004,868	236,371	-
Prepaid income tax		280,716,195	132,955,126	-	-
Advance payments for goods	6, 11	667,833,828	660,045,477	210,280,276	108,113,646
Other current financial assets		<u>152,487,970</u>	<u>30,315,788</u>	<u>2,295,670</u>	<u>2,009,028</u>
<b>Total current assets</b>		<u>4,273,113,655</u>	<u>4,319,252,608</u>	<u>1,208,945,506</u>	<u>1,232,079,817</u>
<b>Non-current assets</b>					
Restricted bank deposits	7	105,741,923	105,065,446	-	-
Investments in subsidiaries	12	-	-	768,332,710	764,538,181
Investment in associated company	13	19,607,780	23,879,117	890,679	890,679
Advance payment for share subscription	14	241,154,424	241,154,424	241,154,424	241,154,424
Investment properties	15	32,422,689	32,422,689	32,422,689	32,422,689
Biological asset	16	1,957,439	-	-	-
Property, plant and equipment	17	4,206,022,455	3,971,990,789	336,866,168	312,926,170
Goodwill	18	185,999,788	185,999,788	-	-
Intangible assets	19	156,990,300	174,172,174	154,975,249	171,496,192
Deferred tax assets	32	25,883,422	22,576,722	22,453,507	19,307,716
Other non-current assets	20	<u>486,581,250</u>	<u>569,201,449</u>	<u>3,873,020</u>	<u>3,822,052</u>
<b>Total non-current assets</b>		<u>5,462,361,470</u>	<u>5,326,462,598</u>	<u>1,560,968,446</u>	<u>1,546,558,103</u>
<b>Total assets</b>		<u>9,735,475,125</u>	<u>9,645,715,206</u>	<u>2,769,913,952</u>	<u>2,778,637,920</u>

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

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

**Statements of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	21	1,606,854,389	1,370,413,479	-	-
Trade and other payables	6, 22	519,047,870	616,864,250	31,848,123	45,415,942
Current portion of liabilities under finance lease agreements	23	3,008,443	2,094,663	-	-
Current portion of long-term loans from financial institution	24	166,114,467	102,000,000	-	-
Accrued expenses		283,151,130	436,867,529	15,402,306	22,085,714
Income tax payable		22,097,146	59,571,905	-	-
Other current liabilities		56,514,189	87,670,332	6,572,144	15,139,422
<b>Total current liabilities</b>		<b>2,656,787,634</b>	<b>2,675,482,158</b>	<b>53,822,573</b>	<b>82,641,078</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements - net of current portion	23	8,979,997	709,629	-	-
Long-term loans from financial institution - net of current portion	24	587,824,890	525,968,432	-	-
Provision for long-term employee benefits	25	252,810,330	202,235,515	45,652,619	29,923,667
Provision for mine reclamation and decommissioning costs	26	87,201,715	93,905,272	-	-
Deferred tax liabilities	32	161,226,815	161,747,276	-	-
Other non-current liabilities	27	-	69,822,069	-	-
<b>Total non-current liabilities</b>		<b>1,098,043,747</b>	<b>1,054,388,193</b>	<b>45,652,619</b>	<b>29,923,667</b>
<b>Total liabilities</b>		<b>3,754,831,381</b>	<b>3,729,870,351</b>	<b>99,475,192</b>	<b>112,564,745</b>

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

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

**Statements of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered, issued and fully paid up					
524,999,679 ordinary shares of Baht 1 each		524,999,679	524,999,679	524,999,679	524,999,679
Share premium		680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings					
Appropriated - Statutory reserve	28	52,500,000	52,500,000	52,500,000	52,500,000
Appropriated - General reserve		1,250,600,000	1,044,500,000	1,250,600,000	1,044,500,000
Unappropriated		1,909,834,942	2,018,746,800	161,939,081	363,673,496
Other components of shareholders' equity		<u>(53,919,919)</u>	<u>42,610,140</u>	<u>-</u>	<u>-</u>
<b>Equity attributable to owners of the Company</b>		<u>4,364,414,702</u>	<u>4,363,756,619</u>	<u>2,670,438,760</u>	<u>2,666,073,175</u>
Non-controlling interests of the subsidiaries		<u>1,616,229,042</u>	<u>1,552,088,236</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>5,980,643,744</u>	<u>5,915,844,855</u>	<u>2,670,438,760</u>	<u>2,666,073,175</u>
<b>Total liabilities and shareholders' equity</b>		<u>9,735,475,125</u>	<u>9,645,715,206</u>	<u>2,769,913,952</u>	<u>2,778,637,920</u>
		-	-	-	-

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 year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales	6	9,253,814,004	12,535,212,032	986,964,564	1,377,701,628
Commission and marketing service income	6	-	-	152,136,232	172,034,299
Other income					
Dividend income	6, 12, 13	-	-	284,374,903	613,670,463
Service income	6	-	-	32,207,367	36,367,393
Gain on exchange		17,563,573	-	-	10,987,729
Interest income	6	16,454,936	22,218,591	5,748,706	8,493,922
Others		69,282,926	15,968,461	17,726,276	10,863,278
Total other income		103,301,435	38,187,052	340,057,252	680,382,785
<b>Total revenues</b>		<b>9,357,115,439</b>	<b>12,573,399,084</b>	<b>1,479,158,048</b>	<b>2,230,118,712</b>
<b>Expenses</b>					
Cost of sales	6	6,088,306,187	8,268,340,714	832,744,922	1,216,070,963
Selling and distribution expenses		1,766,678,018	2,208,937,462	146,703,548	159,974,139
Administrative expenses		455,213,625	512,972,149	116,308,450	118,636,803
Damage from flood event	31	-	2,250,927	-	-
Loss on exchange		-	32,628,137	17,709,027	-
<b>Total expenses</b>	30	<b>8,310,197,830</b>	<b>11,025,129,389</b>	<b>1,113,465,947</b>	<b>1,494,681,905</b>
<b>Profit before share of profit from investment, finance cost and income tax expenses</b>		<b>1,046,917,609</b>	<b>1,548,269,695</b>	<b>365,692,101</b>	<b>735,436,807</b>
Share of profit from investment in associated company	13	7,147,071	12,017,855	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>1,054,064,680</b>	<b>1,560,287,550</b>	<b>365,692,101</b>	<b>735,436,807</b>
Finance cost		(69,939,186)	(63,058,752)	-	-
<b>Profit before income tax expenses</b>		<b>984,125,494</b>	<b>1,497,228,798</b>	<b>365,692,101</b>	<b>735,436,807</b>
Income tax expenses	32	(192,973,474)	(449,371,085)	(41,788,425)	(133,733,631)
<b>Profit for the year</b>		<b>791,152,020</b>	<b>1,047,857,713</b>	<b>323,903,676</b>	<b>601,703,176</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		420,583,942	600,678,661	323,903,676	601,703,176
Non-controlling interests of the subsidiaries		370,568,078	447,179,052		
		<u>791,152,020</u>	<u>1,047,857,713</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	34	0.80	1.14	0.62	1.15

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the year</b>		791,152,020	1,047,857,713	323,903,676	601,703,176
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to income statement in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(153,481,890)	(14,841,528)	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		(153,481,890)	(14,841,528)	-	-
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods</i>					
Actuarial gain (loss)	25	(15,092,481)	7,433,199	(5,672,855)	(2,315,740)
Less: Income tax effect	32	3,958,644	(2,458,408)	1,134,571	463,148
Net other comprehensive income not to be reclassified to income statement in subsequent periods - net of income tax		(11,133,837)	4,974,791	(4,538,284)	(1,852,592)
<b>Other comprehensive income for the year</b>		(164,615,727)	(9,866,737)	(4,538,284)	(1,852,592)
<b>Total comprehensive income for the year</b>		<u>626,536,293</u>	<u>1,037,990,976</u>	<u>319,365,392</u>	<u>599,850,584</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		315,657,890	594,659,322	<u>319,365,392</u>	<u>599,850,584</u>
Non-controlling interests of the subsidiaries		<u>310,878,403</u>	<u>443,331,654</u>		
		<u>626,536,293</u>	<u>1,037,990,976</u>		

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
						Other component of equity								
						Other								
						comprehensive								
						income								
						Exchange								
						differences on								
						translation of	Surplus on change		Capital reserve		Total other		Total equity	
						financial	in the percentage		for share-based		component of		attributable to	
						statements in	of shareholding		payment		shareholders'		owners of	
						foreign currency	in subsidiary		transactions		equity		the Company	
													Equity attributable	
													to non-controlling	
													interests of	
													the subsidiaries	
													Total	
													shareholders'	
													equity	
Note	Issued and paid up share capital	Share premium	Retained earnings		Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity	the subsidiaries	equity
			Statutory reserve	General reserve										
					Appropriated									
<b>Balance as at 1 January 2018</b>	524,999,679	680,400,000	52,500,000	747,300,000	2,195,917,629	(25,525,434)	75,948,676	556,451	50,979,693	4,252,097,001	1,556,097,102	5,808,194,103		
Profit for the year	-	-	-	-	600,678,661	-	-	-	-	600,678,661	447,179,052	1,047,857,713		
Other comprehensive income for the year	-	-	-	-	2,350,214	(8,369,553)	-	-	(8,369,553)	(6,019,339)	(3,847,398)	(9,866,737)		
Total comprehensive income for the year	-	-	-	-	603,028,875	(8,369,553)	-	-	(8,369,553)	594,659,322	443,331,654	1,037,990,976		
Dividend paid	35	-	-	-	(482,999,704)	-	-	-	-	(482,999,704)	-	(482,999,704)		
Unappropriated retained earnings transferred to general reserve	35	-	-	297,200,000	(297,200,000)	-	-	-	-	-	-	-		
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	(447,340,520)	(447,340,520)		
<b>Balance as at 31 December 2018</b>	<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,044,500,000</u>	<u>2,018,746,800</u>	<u>(33,894,987)</u>	<u>75,948,676</u>	<u>556,451</u>	<u>42,610,140</u>	<u>4,363,756,619</u>	<u>1,552,088,236</u>	<u>5,915,844,855</u>		

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
					Other component of equity							
					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	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Retained earnings										
		Appropriated										
		Statutory reserve	General reserve	Unappropriated								
Note	Issued and paid up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity
<b>Balance as at 1 January 2019</b>	524,999,679	680,400,000	52,500,000	1,044,500,000	2,018,746,800	(33,894,987)	75,948,676	556,451	42,610,140	4,363,756,619	1,552,088,236	5,915,844,855
Profit for the year	-	-	-	-	420,583,942	-	-	-	-	420,583,942	370,568,078	791,152,020
Other comprehensive income for the year	-	-	-	-	(8,395,993)	(96,530,059)	-	-	(96,530,059)	(104,926,052)	(59,689,675)	(164,615,727)
Total comprehensive income for the year	-	-	-	-	412,187,949	(96,530,059)	-	-	(96,530,059)	315,657,890	310,878,403	626,536,293
Dividend paid	35	-	-	-	(314,999,807)	-	-	-	-	(314,999,807)	-	(314,999,807)
Unappropriated retained earnings transferred to general reserve	35	-	-	206,100,000	(206,100,000)	-	-	-	-	-	-	-
Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,044,969	2,044,969
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries	-	-	-	-	-	-	-	-	-	-	(248,782,566)	(248,782,566)
<b>Balance as at 31 December 2019</b>	<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,250,600,000</u>	<u>1,909,834,942</u>	<u>(130,425,046)</u>	<u>75,948,676</u>	<u>556,451</u>	<u>(53,919,919)</u>	<u>4,364,414,702</u>	<u>1,616,229,042</u>	<u>5,980,643,744</u>

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements							
	Note	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity	
				Appropriated			Unappropriated
				Statutory reserve	General reserve		
<b>Balance as at 1 January 2018</b>		524,999,679	680,400,000	52,500,000	747,300,000	544,022,616	2,549,222,295
Profit for the year		-	-	-	-	601,703,176	601,703,176
Other comprehensive income for the year		-	-	-	-	(1,852,592)	(1,852,592)
Total comprehensive income for the year		-	-	-	-	599,850,584	599,850,584
Dividend paid	35	-	-	-	-	(482,999,704)	(482,999,704)
Unappropriated retained earnings transferred to general reserve	35	-	-	-	297,200,000	(297,200,000)	-
<b>Balance as at 31 December 2018</b>		<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,044,500,000</u>	<u>363,673,496</u>	<u>2,666,073,175</u>
<b>Balance as at 1 January 2019</b>		524,999,679	680,400,000	52,500,000	1,044,500,000	363,673,496	2,666,073,175
Profit for the year		-	-	-	-	323,903,676	323,903,676
Other comprehensive income for the year		-	-	-	-	(4,538,284)	(4,538,284)
Total comprehensive income for the year		-	-	-	-	319,365,392	319,365,392
Dividend paid	35	-	-	-	-	(314,999,807)	(314,999,807)
Unappropriated retained earnings transferred to general reserve	35	-	-	-	206,100,000	(206,100,000)	-
<b>Balance as at 31 December 2019</b>		<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,250,600,000</u>	<u>161,939,081</u>	<u>2,670,438,760</u>

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



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

**Statements of cash flows**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before tax	984,125,494	1,497,228,798	365,692,101	735,436,807
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	706,081,223	731,019,785	31,662,725	29,621,917
Reduction of inventory to net realisable value (reversal)	(2,561,218)	2,104,882	-	-
Reversal of allowance for impairment of advance for purchase of goods	(204,879)	-	-	-
Gain on disposals and unrealised gain on change in value of investments in trading securities	(7,198,573)	(4,832,311)	(7,130,859)	(4,751,469)
Share of profit from investment in associated company	(7,147,071)	(12,017,855)	-	-
Allowance for diminution in value added tax refundable	11,004,009	-	-	-
Write-off of value added tax refundable and prepaid income tax	3,268,772	14,440,453	-	-
Gain on disposal of equipment	(1,427,698)	(691,748)	(89,112)	(11,058)
Loss on write-off of equipment	11,082	644,254	-	-
Loss on write-off of deferred stripping costs	6,617,054	-	-	-
Reversal of dividend payable	(125,038)	(114,952)	(125,038)	(114,952)
Dividend income	-	-	(284,374,903)	(613,670,463)
Provision for long-term employee benefits	42,315,528	31,789,704	10,056,097	3,126,418
Provision for mine reclamation and decommissioning costs	7,459,406	30,021,743	-	-
Unrealised loss (gain) on exchange	(11,478,135)	12,557,286	14,821,426	2,091,702
Interest income	(16,454,936)	(22,218,591)	(5,748,706)	(8,493,922)
Interest expenses	69,151,968	62,494,862	-	-
Profit from operating activities before changes in operating assets and liabilities	1,783,436,988	2,342,426,310	124,763,731	143,234,980
Operating assets (increase) decrease				
Trade and other receivables	383,863,547	175,987,954	66,390,100	2,994,485
Inventories	(357,037,323)	20,998,385	(3,358,443)	47,319,202
Value added tax refundable	92,035,660	(213,465,826)	(236,371)	9,760,912
Advance payments for goods	(11,460,089)	(604,428,349)	(116,286,247)	(49,114,183)
Other current assets	(122,172,183)	61,151,485	(286,642)	298,494
Operating liabilities increase (decrease)				
Trade and other payables	(56,948,145)	32,895,950	(13,649,738)	(898,210)
Accrued expenses	(146,469,875)	152,865,570	(1,783,408)	(2,659,845)
Other current liabilities	(27,739,557)	(27,664,100)	(12,447,787)	(8,234,638)
Cash paid for long-term employee benefits	(9,209,376)	(5,194,143)	(4,900,000)	-
Cash paid for mine reclamation	(14,588,897)	(15,776,476)	-	-
Cash from operating activities	1,513,710,750	1,919,796,760	38,205,195	142,701,197

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

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

**Statements of cash flows (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities (continued)</b>				
Interest income	16,011,786	24,924,620	5,274,219	14,356,588
Cash paid for interest expenses	(40,118,183)	(38,038,399)	-	-
Refund of income tax	8,197,549	8,231,664	-	-
Cash paid for income tax	(375,483,889)	(843,762,225)	(39,794,098)	(121,681,872)
<b>Net cash from operating activities</b>	<b>1,122,318,013</b>	<b>1,071,152,420</b>	<b>3,685,316</b>	<b>35,375,913</b>
<b>Cash flows from investing activities</b>				
Decrease in current investments	41,965,288	192,789,308	38,816,872	189,819,261
Increase in restricted bank deposits	(8,109,781)	(19,229,795)	-	-
Dividend received from subsidiaries and associated company	11,418,408	16,211,945	284,374,903	613,670,463
Cash paid for investment in subsidiary	-	-	(3,794,529)	-
Proceeds from disposals of equipment	1,911,809	773,611	105,707	39,124
Acquisitions of plant and equipment	(601,132,908)	(669,082,448)	(39,378,743)	(27,999,252)
Acquisitions of computer software	(578,996)	(1,463,887)	(226,013)	(90,810)
Acquisition of biological asset	(1,957,439)	-	-	-
Cash paid for transferring service fees	-	(191,939,400)	-	(191,939,400)
Cash paid for advance payment for share subscription	-	(241,154,424)	-	(241,154,424)
Increase in other non-current assets	(378,699,124)	(551,223,692)	(50,968)	(82,482)
<b>Net cash from (used in) investing activities</b>	<b>(935,182,743)</b>	<b>(1,464,318,782)</b>	<b>279,847,229</b>	<b>342,262,480</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	250,286,639	471,345,449	-	-
Cash paid for liabilities under finance lease agreements	(2,756,400)	(3,340,031)	-	-
Cash paid for liabilities under capital lease agreement	(101,483,222)	(162,263,493)	-	-
Cash received from long-term loan from financial institution	227,696,105	627,968,432	-	-
Repayment of long-term loan from financial institution	(102,000,000)	(117,757,191)	-	-
Dividend paid	(563,782,373)	(930,340,224)	(314,999,807)	(482,999,704)
Decrease in non-controlling interests of the subsidiaries	(54,906,860)	(6,471,975)	-	-
<b>Net cash used in financing activities</b>	<b>(346,946,111)</b>	<b>(120,859,033)</b>	<b>(314,999,807)</b>	<b>(482,999,704)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>32,081,977</b>	<b>(8,452,796)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(127,728,864)</b>	<b>(522,478,191)</b>	<b>(31,467,262)</b>	<b>(105,361,311)</b>
Cash and cash equivalents at beginning of year	605,363,504	1,128,070,350	156,032,351	261,622,317
Effect of change in foreign exchange rate on cash at bank balance	(10,124)	(228,655)	(10,124)	(228,655)
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>477,624,516</b>	<b>605,363,504</b>	<b>124,554,965</b>	<b>156,032,351</b>

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

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

**Statements of cash flows (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Supplemental cash flows information:</b>				
Non-cash transaction from operating activities				
Transferred provision for long-term employee benefits				
to accrued expenses	57,096	7,514,150	-	5,223,117
Non-cash transactions from investing activities				
Accounts payable from purchases of plant, equipment				
and intangible assets	22,046,807	63,503,342	2,926,963	3,433,344
Acquisitions of equipment under finance lease agreements	11,751,940	-	-	-
Transfer equipment to intangible assets	-	10,000	-	10,000

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

# Lanna Resources Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

For the year ended 31 December 2019

### 1. General information

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

### 2. Basis of preparation

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

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

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

### 2.2 Basis of consolidation

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

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				<u>2019</u> Percent	<u>2018</u> Percent
<b><u>Held by the Company</u></b>					
<b>Local subsidiary</b>					
Lanna Power Generation Company Limited	Investment business and power generation and distribution services	Direct holding and common directors	Thailand	100.00	100.00
Thai Agro Energy Public	Ethanol production	Direct holding and	Thailand	51.00	51.00

Company Limited	and distribution	common directors	Country of	Shareholding	
Company's name	Nature of business	Relationship	incorporation	2019	2018
				Percent	Percent
<b><u>Held by the Company</u></b>					
<b>Overseas subsidiaries</b>					
PT. Lanna Power Indonesia (formerly known as "PT. Lanna Mining Services")	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00
<b><u>Held by associated company</u></b>					
PT. Lanna Power Indonesia (formerly known as "PT. Lanna Mining Services")	Coal distribution	Direct holding	Indonesia	0.05	0.05

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

h) The excess of the cost of investment in a subsidiary company over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as "Goodwill" and separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).

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

### **3. New financial reporting standards**

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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 Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

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

TFRS 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 Group's 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

Financial Reporting Standard Interpretations:

TRFIC 16                                    Hedges of a Net Investment in a Foreign Operation

TRFIC 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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards on 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 Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue Recognition**

###### *Sales of goods*

Revenue from sale of coal and ethanol is recognised at the point in time when control of the asset is transferred to the customer, generally upon 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.

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

###### *Commission and marketing service income*

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

###### *Service income*

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

###### *Interest income*

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

###### *Dividends*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade accounts receivable**

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

## **4.4 Inventories**

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

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

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

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

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Change in the fair value of these securities, which is determined from their net asset value, are recorded in the income statement.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

- c) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

#### **4.6 Investment properties**

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

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

#### **4.7 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 the income statement.

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.

#### **4.8 Property, plant and equipment and depreciation**

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

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

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

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

Depreciation is included in determining income.

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

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

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Government grants related to assets**

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

#### **4.11 Intangible assets**

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

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

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

#### **4.12 Other non-current assets**

##### *Assets under exploration for and evaluation of mineral resources*

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

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

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

### *Deferred exploration and development costs*

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

### *Deferred stripping costs*

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

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

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

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

## **4.13 Goodwill**

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

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

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

#### **4.14 Related party transactions**

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

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

#### **4.15 Long-term leases**

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

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

#### **4.16 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.17 Impairment of assets**

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

An impairment loss is recognised in the income statement.

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



## **4.18 Employee benefits**

### ***Short-term employee benefits***

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

### ***Post-employment benefits***

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognise restructuring-related costs.

## **4.19 Provisions**

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

#### **4.20 Provision for mine reclamation and decommissioning costs**

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

#### **4.21 Income tax**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.22 Derivatives**

### **Forward exchange contracts**

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

## **4.23 Fair value measurement**

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

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

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

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

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

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

## **5. Significant accounting judgements and estimates**

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

### **Coal reserve estimates**

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

### **Allowance for doubtful accounts**

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

### **Allowance for diminution in inventory value**

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

### **Allowance for impairment of investments**

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

### **Property, plant and equipment and depreciation**

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

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

### **Goodwill**

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

### **Tax refundable**

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

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

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

### **Deferred tax assets**

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

## Post-employment benefits under defined benefit plans

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

## Provision for mine reclamation and decommissioning costs

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

## 6. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate 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)				
Commission and marketing				
service income	-	-	152,136	172,034
Dividend income	-	-	272,957	597,458
Service income	-	-	32,207	36,367
Interest income	-	-	-	805
Purchase of coal	-	-	284,876	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	-	191,194	-	191,194
Freight charge	181,332	398,063	181,332	398,063
<u>Transactions with related company</u>				
Sales of coal	701,346	836,637	701,346	836,637

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

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 9)</b>				
Subsidiaries	-	-	25,256	67,600
Related company (related by common shareholder and/or common directors)	63,170	81,383	63,170	81,383
Total trade and other receivables - related parties	<u>63,170</u>	<u>81,383</u>	<u>88,426</u>	<u>148,983</u>
<b><u>Advance payments for goods - related parties</u></b>				
<b>(Note 11)</b>				
Subsidiary company	-	-	149,884	-
Associated company	11,042	-	11,042	-
Total advance payment for goods - related parties	<u>11,042</u>	<u>-</u>	<u>160,926</u>	<u>-</u>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 22)</b>				
Associated company	-	530	-	530
Total trade and other payables - related parties	<u>-</u>	<u>530</u>	<u>-</u>	<u>530</u>

## Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	139,502	166,642	36,057	36,040
Post-employment benefits	16,883	14,875	3,409	1,098
Total	<u>156,385</u>	<u>181,517</u>	<u>39,466</u>	<u>37,138</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	166	150	40	40
Bank deposits	583,201	710,279	124,515	155,992
Total	583,367	710,429	124,555	156,032
Less: Restricted bank deposits	(105,742)	(105,065)	-	-
Total	<u>477,625</u>	<u>605,364</u>	<u>124,555</u>	<u>156,032</u>

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.1 and 6.5 percent per annum (2018: between 0.1 and 7.5 percent per annum).

As at 31 December 2019, the overseas subsidiaries have restricted bank deposits of USD 3.5 million or approximately Baht 105.7 million (2018: USD 3.2 million or approximately Baht 105.1 million) to secure mine reclamation of the overseas subsidiaries to government and for coal supply of the overseas subsidiaries.



## 8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Investments in trading securities - Open funds - fair value	402,336	496,386	400,080	491,050
Investments in debentures	149,233	149,949	149,233	149,949
Bills of exchange	60,000	-	60,000	-
<b>Total</b>	<b>611,569</b>	<b>646,335</b>	<b>609,313</b>	<b>640,999</b>

During the year 2019, the Group recognised gains on the sales of trading securities amounting to Baht 7.1 million (the Company only: Baht 7.1 million) (2018: Baht 4.8 million (the Company only: Baht 4.8 million)). As at 31 December 2019, the Group recognised gain on valuation of trading securities amounting to Baht 0.1 million (the Company only: Baht 0.1 million) in the income statement (2018: recognised loss on valuation of trading securities amounting to Baht 0.06 million (the Company only: Baht 0.05 million)).

As at 31 December 2019, the Company had current investment in the form of bill of exchange of Baht 60 million in which carried interests between 1.55 percent per annum.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	63,170	81,383	70,121	102,857
Past due				
Up to 3 months	-	-	10,795	24,310
<b>Total trade receivables - related parties</b>	<b>63,170</b>	<b>81,383</b>	<b>80,916</b>	<b>127,167</b>
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	609,462	910,640	32,110	38,149
Past due				
Up to 3 months	17,556	83,753	-	-
<b>Total trade receivables - unrelated parties</b>	<b>627,018</b>	<b>994,393</b>	<b>32,110</b>	<b>38,149</b>
<b>Total trade receivables</b>	<b>690,188</b>	<b>1,075,776</b>	<b>113,026</b>	<b>165,316</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Other receivables</u></b>				
Other receivables - related parties	-	-	7,510	21,816
Other receivables - unrelated parties	14,662	13,134	702	296
Advances	505	309	5	309
Interest receivable - unrelated parties	805	362	749	274
Total other receivables	<u>15,972</u>	<u>13,805</u>	<u>8,966</u>	<u>22,695</u>
Total trade and other receivables	<u><u>706,160</u></u>	<u><u>1,089,581</u></u>	<u><u>121,992</u></u>	<u><u>188,011</u></u>

The overseas subsidiary has pledged its accounts receivable to secure credit facilities from the financial institutions. As at 31 December 2019, the balance of accounts receivable totaling Rupiah 90,000 million or approximately Baht 185.4 million (2018: Rupiah 90,000 million or approximately Baht 191.9 million) were pledged to secure such credit facilities.

## 10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Coal and work in process	296,712	222,637	-	(2,660)	296,712	219,977
Finished goods	76,134	23,685	-	-	76,134	23,685
Work in process	14,198	12,276	-	-	14,198	12,276
Raw materials	320,009	94,019	-	-	320,009	94,019
Supplies	15,849	12,874	-	-	15,849	12,874
Spare parts	6,447	6,821	-	-	6,447	6,821
Total	<u><u>729,349</u></u>	<u><u>372,312</u></u>	<u><u>-</u></u>	<u><u>(2,660)</u></u>	<u><u>729,349</u></u>	<u><u>369,652</u></u>

(Unit: Thousand Baht)

	Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Coal	140,274	136,915	-	-	140,274	136,915
Total	140,274	136,915	-	-	140,274	136,915

During the current year, the subsidiaries reversed the write-down of cost of inventories by Baht 2.7 million, and reduced the amount of inventories recognised as expenses during the year (2018: the subsidiaries reduced cost of inventories by Baht 2.1 million, to reflect the net realisable value. This was included in cost of sales).

## 11. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance payments for goods - related parties	11,042	-	160,926	-
Advance payments for goods - unrelated parties	663,456	666,914	49,354	108,114
Total	674,498	666,914	210,280	108,114
Less: Allowance for impairment	(6,664)	(6,869)	-	-
Total advance payments for goods	667,834	660,045	210,280	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 and the purchase of raw sugar agreements. To comply with the conditions in the agreements, as at 31 December 2019, the subsidiary had paid advance payments for purchase of molasses and raw sugar amounting to Baht 602.6 million (2018: Baht 545.1 million).

## 12. Investments in subsidiaries

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

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the years ended 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(%)	(%)				
<b>Local subsidiary</b>								
Lanna Power Generation Company Limited	Baht 10 million	Baht 10 million	100.00	100.00	10,000	10,000	-	-
Thai Agro Energy Public Co., Ltd.	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000	178,500	76,500
<b>Overseas subsidiaries</b>								
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	-	187,170
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	94,457	333,788
Total					<u>768,333</u>	<u>764,538</u>	<u>272,957</u>	<u>597,458</u>

## **Overseas subsidiaries**

The Company has 3 overseas subsidiaries in which the Company has shareholding percentage between 55.00% and 99.95% and, as at 31 December 2019, such subsidiaries had unappropriated retained earnings of the Company's portion totaling USD 34.4 million or approximately Baht 1,153 million (2018: USD 33.0 million or approximately Baht 1,110 million). The Group may have obligations regarding withholding tax deducted at source in Indonesia when the subsidiaries pay dividends from such amount in the future.

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 year, 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.

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year		Translation adjustment allocated to non-controlling interests during the year		Increase from the increase of capital of the subsidiary during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)												
Thai Agro Energy Public Co., Ltd.	49.00	49.00	947	867	252	144	-	-	-	-	-	-	(172)	(73)
PT. Singlurus Pratama	35.00	35.00	319	340	7	96	(1)	2	(29)	(3)	2	-	-	(101)
PT. Lanna Harita Indonesia	45.00	45.00	357	352	112	207	(2)	1	(28)	(4)	-	-	(77)	(273)

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

Summarised information about financial position

(Unit: Million Baht)

	Thai Agro Energy		PT. Lanna Harita			
	Public Co., Ltd.		PT. Singlurus Pratama		Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	1,303	1,010	676	908	1,154	1,115
Non-current assets	2,834	2,763	1,300	1,211	334	366
Current liabilities	(1,726)	(1,470)	(541)	(682)	(511)	(512)
Non-current liabilities	(475)	(530)	(315)	(256)	(187)	(187)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Lanna Harita			
	Public Co., Ltd.		PT. Singlurus Pratama		Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue	2,577	2,698	2,556	4,043	3,511	4,468
Profit	514	294	21	274	246	459
Other comprehensive income	-	-	(2)	4	(4)	2
Total comprehensive income	514	294	19	278	242	461

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Lanna Harita			
	Public Co., Ltd.		PT. Singlurus Pratama		Indonesia	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flow from (used in) operating activities	419	(143)	457	612	152	402
Cash flow used in investing activities	(266)	(493)	(544)	(507)	(145)	(206)
Cash flow from (used in) financing activities	(160)	633	83	(152)	(62)	(561)
Net decrease in cash and cash equivalents	(7)	(3)	(4)	(47)	(55)	(365)

### 13. Investment in associated company

#### 13.1 Detail of associated company

(Unit: Thousand Baht)

Company's name	Nature of Business	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018	Carrying amounts based on equity method		Cost	
				(%)	(%)	2019	2018	2019	2018
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	SGD 0.1 million	SGD 0.1 million	49	49	19,608	23,879	891	891
Total						19,608	23,879	891	891



### 13.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investment in associate for the years ended 31 December		Share of other comprehensive income from investment in associate for the years ended 31 December		Dividend received for the years ended 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
United Bulk Shipping Pte. Ltd.	7,147	12,018	-	-	11,418	16,212

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2019 and 2018 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

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

### 13.3 Summarised financial information about material associate

#### Summarised information about financial position

(Unit: Million Baht)

	United Bulk Shipping Pte. Ltd.	
	<u>2019</u>	<u>2018</u>
Current assets	53	55
Current liabilities	(14)	(5)
Net assets	<u>39</u>	<u>50</u>
Carrying amounts of associates based on equity method	<u>20</u>	<u>24</u>

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	United Bulk Shipping Pte. Ltd.	
	<u>2019</u>	<u>2018</u>
Revenue	193	593
Profit	15	24
Other comprehensive income	-	-
Total comprehensive income	15	24

### 14. Advance payment for share subscription

On 8 March 2018, the Company entered into Conditional Share Subscription Agreement for subscription of new issued 269,674,581 ordinary shares of PT. Pesona Khatulistiwa Nusantara ("PKN") which incorporated in mining business in Indonesia amounting to USD 8.8 million with proportion of 40 percent of total registered shares after the increase in share capital of PKN. During the year 2018, the Company 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. On 27 December 2019, the Company entered into an agreement with PKN to extend the share subscription for 3 months to 30 March 2020.

## 15. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Cost	35,193	35,193
Less: Accumulated depreciation	(1,200)	(1,200)
Less: Allowance for diminution in value	(1,570)	(1,570)
Net book value	<u>32,423</u>	<u>32,423</u>

No movement of investment properties for the years 2019 and 2018.

As at 31 December 2019, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 32.4 million (2018: Baht 32.4 million). The Company is considering making use and/or selling such assets to other parties. However, for some plots of land and land improvement which the Company had considered their net realisable value to be less than the net book value, the Company had set up allowance for impairment of such assets of Baht 1.6 million (2018: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2019 is Baht 48 million (2018: Baht 48 million), which is determined based on the price appraised by the Department of Land.

## 16. Biological assets

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>                    </u>
<b>Balance as at 1 January 2019</b>	-
Increase due to cost of planting	1,957
<b>Balance as at 31 December 2019</b>	<u>1,957</u>

## 17. Property, plant and equipment

### Consolidated financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2018	420,191	65,045	138,587	1,116,164	3,217,393	96,449	48,146	161,875	5,263,850
Additions	16,394	-	5,511	13,984	17,047	7,000	4,960	637,975	702,871
Disposals/write-off	-	-	-	(9,363)	(149)	(8,077)	(5,139)	(624)	(23,352)
Transfer in (transfer out)	-	-	18,234	158,348	2,044	400	-	(179,036)	(10)
Translation adjustment	(122)	-	(122)	(5,334)	(3,363)	(314)	(104)	(759)	(10,118)
31 December 2018	436,463	65,045	162,210	1,273,799	3,232,972	95,458	47,863	619,431	5,933,241
Additions	-	-	29,154	6,134	26,825	7,717	18,128	484,308	572,266
Disposals/write-off	-	-	-	-	(1,677)	(3,937)	(9,369)	-	(14,983)
Transfer in (transfer out)	-	-	153	76,049	79,915	828	-	(156,945)	-
Translation adjustment	(1,207)	-	(1,211)	(52,830)	(32,583)	(3,048)	(1,012)	(17,384)	(109,275)
31 December 2019	435,256	65,045	190,306	1,303,152	3,305,452	97,018	55,610	929,410	6,381,249

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation</b>									
1 January 2018	-	65,045	43,976	302,049	1,180,175	86,929	37,949	-	1,716,123
Depreciation for the year	-	-	5,698	94,853	162,381	4,700	4,135	-	271,767
Accumulated depreciation of the disposal/written-off	-	-	-	(9,363)	(145)	(8,026)	(5,092)	-	(22,626)
Translation adjustment	-	-	(123)	(1,491)	(2,022)	(293)	(85)	-	(4,014)
31 December 2018	-	65,045	49,551	386,048	1,340,389	83,310	36,907	-	1,961,250
Depreciation for the year	-	-	6,118	95,020	162,254	5,466	4,673	-	273,531
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,677)	(3,895)	(8,916)	-	(14,488)
Translation adjustment	-	-	(1,210)	(19,467)	(21,121)	(2,684)	(584)	-	(45,066)
31 December 2019	-	65,045	54,459	461,601	1,479,845	82,197	32,080	-	2,175,227
<b>Net book value</b>									
31 December 2018	436,463	-	112,659	887,751	1,892,583	12,148	10,956	619,431	3,971,991
31 December 2019	435,256	-	135,847	841,551	1,825,607	14,821	23,530	929,410	4,206,022
<b>Depreciation for the year</b>									
2018 (Baht 215 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									271,767
2019 (Baht 209 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									273,531

## Separate financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2018	180,000	65,045	64,563	41,727	95,750	29,170	2,815	18,234	497,304
Additions	-	-	5,511	3,800	6,330	1,630	-	12,000	29,271
Transfer in (transfer out)	-	-	18,234	-	-	(10)	-	(18,234)	(10)
Disposal/write-off	-	-	-	-	(69)	(3,162)	-	-	(3,231)
31 December 2018	180,000	65,045	88,308	45,527	102,011	27,628	2,815	12,000	523,334
Additions	-	-	18,431	457	12,224	2,597	3,566	1,593	38,868
Transfer in (transfer out)	-	-	-	-	12,000	-	-	(12,000)	-
Disposal/write-off	-	-	-	-	(1,465)	(2,725)	-	-	(4,190)
31 December 2019	180,000	65,045	106,739	45,984	124,770	27,500	6,381	1,593	558,012
<b>Accumulated depreciation</b>									
1 January 2018	-	65,045	26,737	7,048	74,231	25,822	2,815	-	201,698
Depreciation for the year	-	-	5,698	2,119	2,516	1,580	-	-	11,913
Accumulated depreciation of the disposal/written-off	-	-	-	-	(69)	(3,134)	-	-	(3,203)
31 December 2018	-	65,045	32,435	9,167	76,678	24,268	2,815	-	210,408
Depreciation for the year	-	-	6,118	2,356	4,416	1,844	177	-	14,911
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,464)	(2,709)	-	-	(4,173)
31 December 2019	-	65,045	38,553	11,523	79,630	23,403	2,992	-	221,146
<b>Net book value</b>									
31 December 2018	180,000	-	55,873	36,360	25,333	3,360	-	12,000	312,926
31 December 2019	180,000	-	68,186	34,461	45,140	4,097	3,389	1,593	336,866
<b>Depreciation for the year</b>									
2018 (included in selling, distribution and administrative expenses)									11,913
2019 (included in selling, distribution and administrative expenses)									14,911

As at 31 December 2019, subsidiaries had office equipment and vehicles under finance lease agreements with net book values amounting to Baht 12.9 million (2018: Baht 4.8 million).

As at 31 December 2019, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 374.4 million (2018: Baht 350.9 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 11.4 million were capitalised during the year (2018: Baht 4.4 million). The weighted average rate of 3.1 to 3.8 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (2018: 2.9 to 3.7 percent per annum).

As at 31 December 2019, the overseas subsidiary had an outstanding balance of the construction of port loading conveyor amounting to USD 16.5 million or Baht 497.4 million. The construction has been financed with a loan from a financial institution. Borrowing costs amounting to USD 0.1 million or Baht 2.5 million were capitalised during the year. 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 31 December 2019 amounting to approximately Baht 1,514 million (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 21 and 24.

The overseas subsidiary has mortgaged part of its land, machinery, and equipment with net book value as at 31 December 2019 amounting to approximately USD 22.0 million or equivalent to Baht 662.6 million as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 21 and 24.

As at 31 December 2019, the Company and subsidiaries had certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 408 million (2018: Baht 372 million) (the Company only: Baht 95 million (2018: Baht 98 million)).

## **18. Goodwill**

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

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

(Unit: Percent per annum)

Terminal growth rate	0 - 1
Discount rate	11

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

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

## 19. Intangible assets

Details of intangible assets are as follows:

### Consolidated financial statements

	(Unit: Thousand Baht)		
	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2018	18,835	-	18,835
Additions	1,602	191,939	193,541
Transfer in from equipment	10	-	10
Translation adjustment	(24)	-	(24)
31 December 2018	20,423	191,939	212,362
Additions	445	-	445
Translation adjustment	(233)	-	(233)
31 December 2019	20,635	191,939	212,574
<b>Accumulated amortisation</b>			
1 January 2018	13,850	-	13,850
Amortisation for the year	1,634	22,730	24,364
Translation adjustment	(24)	-	(24)
31 December 2018	15,460	22,730	38,190
Amortisation for the year	1,760	15,867	17,627
Translation adjustment	(233)	-	(233)
31 December 2019	16,987	38,597	55,584
<b>Net book value</b>			
31 December 2018	4,963	169,209	174,172
31 December 2019	3,648	153,342	156,990



## Separate financial statements

(Unit: Thousand Baht)

	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2018	7,888	-	7,888
Additions	91	191,939	192,030
Transfer in from equipment	10	-	10
31 December 2018	7,989	191,939	199,928
Additions	231	-	231
31 December 2019	8,220	191,939	200,159
<b>Accumulated amortisation</b>			
1 January 2018	4,787	-	4,787
Amortisation for the year	915	22,730	23,645
31 December 2018	5,702	22,730	28,432
Amortisation for the year	885	15,867	16,752
31 December 2019	6,587	38,597	45,184
<b>Net book value</b>			
31 December 2018	2,287	169,209	171,496
31 December 2019	1,633	153,342	154,975

### **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.

## 20. Other non-current assets

Other non-current assets have been shown net of related accumulated amortisation as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred expenses - Indonesia				
coal mine project	155,872	218,731	-	-
Deferred stripping costs	323,689	328,037	-	-
Others	7,020	22,433	3,873	3,822
Total other non-current assets	<u>486,581</u>	<u>569,201</u>	<u>3,873</u>	<u>3,822</u>
Amortisation expenses for the year	<u>414,756</u>	<u>440,825</u>	<u>-</u>	<u>-</u>

### Deferred expenses - Indonesia coal mine project

A reconciliation of the net book value of deferred expenses - Indonesia coal mine project for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Exploration and evaluation assets	Deferred exploration and development costs	Total
As at 1 January 2018	35,892	280,882	316,774
Increase during the year	-	31,486	31,486
Transfer in (transfer out)	(32,521)	32,521	-
Amortisation for the year	-	(127,288)	(127,288)
Translation adjustment	(254)	(1,987)	(2,241)
As at 31 December 2018	3,117	215,614	218,731
Increase during the year	-	12,818	12,818
Transfer in (transfer out)	-	13,973	13,973
Amortisation for the year	-	(74,175)	(74,175)
Translation adjustment	(221)	(15,254)	(15,475)
As at 31 December 2019	<u>2,896</u>	<u>152,976</u>	<u>155,872</u>

## Deferred stripping costs

A reconciliation of the net book value of deferred stripping costs for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	328,037	123,315
Increase during the year	366,058	519,131
Write-off during the year	(6,617)	-
Amortisation for the year	(340,581)	(313,537)
Translation adjustment	(23,208)	(872)
Net book value at end of year	<u>323,689</u>	<u>328,037</u>

## 21. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Promissory notes	2.75 - 2.80	2.75 - 2.95	943,222	882,905
Trust receipts	2.53 - 2.73	2.75	448,072	291,807
Bill of purchasing line	0.06 - 3.03	0.06 - 3.10	215,560	195,701
Total			<u>1,606,854</u>	<u>1,370,413</u>

Movements in short-term loans from financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Balance as at 1 January 2019	1,370,413
Add: Increase during the year	6,730,043
Less: Repayment during the year	(6,479,756)
Translation adjustment	(13,846)
Balance as at 31 December 2019	<u>1,606,854</u>

Credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 17.

As at 31 December 2019, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 25.9 million or equivalent to Baht 779.5 million and Baht 668.7 million totaling of Baht 1,448.2 million (2018: Baht 885.3 million).

## 22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties	-	530	-	530
Trade payables - unrelated parties	433,858	496,300	27,193	39,819
Other payables - unrelated parties	85,190	120,034	4,655	5,067
Total trade and other payables	<u>519,048</u>	<u>616,864</u>	<u>31,848</u>	<u>45,416</u>

## 23. Liabilities under finance lease agreements

Details of liabilities under finance lease agreements of a subsidiary as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	12,342	2,888
Less: Deferred interest expenses	(354)	(83)
Total	11,988	2,805
Less: Current portion	(3,008)	(2,095)
Liabilities under finance lease agreements - net of current portion	<u>8,980</u>	<u>710</u>

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

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

	(Unit: Thousand Baht)		
	As at 31 December 2019		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3,141	9,201	12,342
Deferred interest expenses	(133)	(221)	(354)
Present value of future minimum lease payments	<u>3,008</u>	<u>8,980</u>	<u>11,988</u>

(Unit: Thousand Baht)

As at 31 December 2018			
Less than			
	1 year	1-5 years	Total
Future minimum lease payments	2,172	716	2,888
Deferred interest expenses	(77)	(6)	(83)
Present value of future minimum lease payments	<u>2,095</u>	<u>710</u>	<u>2,805</u>

**24. Long-term loans from financial institution**

				(Unit: Thousand Baht) Consolidated financial statements	
				As at 31 December	
No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	2019	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.	364,413	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.	239,702	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.	149,824	-
Total				753,939	627,968
Less: Current portion				(166,114)	(102,000)
Long-term loans, net of current portion				<u>587,825</u>	<u>525,968</u>

Movements in the long-term loans from financial institution during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>                    </u>
Balance as at 1 January 2019	627,968
Add: Additional loan withdrew during the year	228,751
Transaction costs during the year	(1,055)
Amortisation of transaction costs during the year	275
Less: Repayment during the year	<u>(102,000)</u>
Balance as at 31 December 2019	<u><u>753,939</u></u>

The loan agreements contain covenants that, among other things, require the subsidiary to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement. As at 31 December 2019 and 2018, the subsidiary could maintain certain financial ratio as specified in the long-term loan agreement.

As at 31 December 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 60.3 million and Baht 11.2 million, totaling of Baht 71.5 million (2018: Baht 90.0 million).

## 25. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits at beginning of year</b>	202,236	198,601	29,924	29,705
Included in income statement:				
Current service cost	21,502	21,879	2,340	2,116
Interest cost	14,468	11,977	1,149	1,010
Past service costs	6,346	(2,066)	6,567	-
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,157	-	1,157
Financial assumptions changes	16,938	(11,475)	5,673	(1,198)
Experience adjustments	(1,846)	2,885	-	2,357
Benefits paid during the year	(2,075)	(8,618)	-	(5,223)
Translation adjustment	(4,759)	(12,104)	-	-
<b>Provision for long-term employee benefits at end of year</b>	<u>252,810</u>	<u>202,236</u>	<u>45,653</u>	<u>29,924</u>

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 was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 7.2 million (The Company only: Baht 6.6 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the profit or loss for the year.

The Group expects to pay Baht 21.7 million of long-term employee benefits during the next year (2018: Baht 14.1 million (the Company only: Baht 5.6 million)).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 3 - 15 years (Separate financial statements: 13 years) (2018: 9 - 15 years, separate financial statements: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.52 - 8.21	2.40 - 8.28	1.52	2.96
Salary increase rate	5.00 - 9.00	5.00 - 8.00	6.34	6.34

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)						
As at 31 December 2019						
	Consolidated financial statements				Separate financial statements	
	The group in Thailand		The group in overseas		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
Discount rate	(2,015)	2,151	(9,659)	11,178	(1,798)	1,917
Salary increase rate	2,624	(2,436)	11,656	(9,759)	2,062	(1,951)

  

(Unit: Thousand Baht)						
As at 31 December 2018						
	Consolidated financial statements				Separate financial statements	
	The group in Thailand		The group in overseas		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
Discount rate	(1,200)	1,279	(8,558)	9,538	(1,179)	1,256
Salary increase rate	1,404	(1,325)	9,579	(8,742)	1,351	(1,279)



## 26. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for		Total
	Provision for mine reclamation	decommissioning costs	
As at 1 January 2018	61,348	14,465	75,813
Increase during the year	33,148	7,089	40,237
Decrease from actual paid	(15,776)	-	(15,776)
Translation adjustment	(5,812)	(557)	(6,369)
As at 31 December 2018	72,908	20,997	93,905
Increase during the year	10,475	597	11,072
Decrease from actual paid	(14,589)	-	(14,589)
Translation adjustment	(1,827)	(1,359)	(3,186)
As at 31 December 2019	66,967	20,235	87,202

## 27. Other non-current liabilities

As at 31 December 2018, an overseas subsidiary had other long-term liability under capital lease agreement from purchase the hauling road and special terminal of USD 2.2 million or approximately Baht 69.8 million and portion due within one year is classified as other current liabilities of USD 0.2 million or approximately Baht 7.2 million. During 2019, the subsidiary settled the liability under capital lease agreement as a whole.

## 28. Statutory reserve

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

## 29. Provident fund

The Company and a subsidiary and their employees jointly established a provident fund, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Company and the subsidiary also contribute a certain amount. The fund, which is managed by the Bank of Ayudhaya Public Co., Ltd., will be paid to employee upon termination in accordance with the fund rules of the Company and its subsidiary. The contributions of the Company and the subsidiary for the year 2019 amounting to Baht 7.9 million (the Company only: Baht 4.8 million) (2018: Baht 8.3 million (the Company only: Baht 4.9 million)) were recognised as expenses.

## 30. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase of finished goods	1,286,308	1,656,340	836,104	1,168,752
Raw materials and consumables used	1,627,633	1,937,408	-	-
Changes in inventories of finished goods and work in process decrease (increase)	(128,446)	37,591	(3,359)	47,320
Royalty fee	812,229	1,241,609	-	-
Freight and transportation of goods expenses	737,537	793,229	68,956	90,541
Coal winning and conveyance expenses	2,305,307	3,166,592	-	-
Depreciation and amortisation expenses	706,081	731,020	31,663	29,622
Salaries, wages and other employee benefits	240,066	371,910	58,142	57,947
Management benefit expenses	156,385	181,517	39,466	37,138
Electricity and fuel expenses	120,685	94,773	6,292	5,351
Repair and maintenance expenses	54,581	65,489	5,464	6,590
Loss on exchange	-	32,628	17,709	-

### 31. 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 damage from flood event of Baht 73.3 million and Baht 2.3 million in the income statements for the year 2017 and 2018, respectively.

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, the subsidiary has recognised this compensation as other income in the income statements for the current year. In October 2019, the subsidiary has already received the full amount of the compensation from the insurance company.

### 32. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	142,876	284,727	1,688	3,047
Adjustment in respect of income tax of previous year	-	2,766	-	-
Withholding tax deducted at source recognised as expenses during the year	42,111	130,268	42,111	130,268
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	7,986	31,610	(2,011)	419
<b>Income tax expenses reported in income statements</b>	<u>192,973</u>	<u>449,371</u>	<u>41,788</u>	<u>133,734</u>

The amount of income tax related to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follow:

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial (gain) loss	<u>(3,959)</u>	<u>2,458</u>	<u>(1,135)</u>	<u>(463)</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>984,125</u>	<u>1,497,229</u>	<u>365,692</u>	<u>735,437</u>
Applicable tax rate	10% - 30%	10% - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	233,115	401,807	73,138	147,087
Adjustment in respect of income tax of previous year	-	2,766	-	-
Withholding tax deducted at source recognised as expenses during the year	42,111	130,268	42,111	130,268
Effects of:				
Promotional privileges (Note 33)	(75,151)	(39,670)	-	-
Non-deductible expenses	9,176	15,804	5,192	5,687
Income not subject to tax	(5,541)	(3,946)	(56,875)	(122,826)
Additional expense deductions allowed	(29,673)	(1,837)	(13,356)	(490)
Taxable withholding tax deducted at source expenses	(8,422)	(26,054)	(8,422)	(26,054)
Others	795	12	-	62
Total	(108,816)	(55,691)	(73,461)	(143,621)
Investments in subsidiaries	23,853	(34,104)	-	-
Unrecognised tax loss as deferred tax assets	2,677	4,318	-	-
Translation adjustment	33	7	-	-
Income tax expenses reported in income statements	<u>192,973</u>	<u>449,371</u>	<u>41,788</u>	<u>133,734</u>

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2019	Recognise to income statement	Recognise to statement of comprehensive income	Translation adjustment	As at 31 December 2019	As at 1 January 2019	Recognise to income statement	Recognise to statement of comprehensive income	As at 31 December 2019
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	57,569	12,597	3,959	(3,498)	70,627	5,985	2,011	1,135	9,131
Accumulated depreciation - ore, plant and equipment	20,204	(166)	-	(508)	19,530	13,009	-	-	13,009
Inventories	749	8,662	-	294	9,705	-	-	-	-
Government grants	5,250	6	-	-	5,256	-	-	-	-
Capital lease	(34,956)	(12,142)	-	1,978	(45,120)	-	-	-	-
Others	610	910	-	-	1,520	314	-	-	314
<b>Total</b>	<b>49,426</b>	<b>9,867</b>	<b>3,959</b>	<b>(1,734)</b>	<b>61,518</b>	<b>19,308</b>	<b>2,011</b>	<b>1,135</b>	<b>22,454</b>
<b>Deferred tax liabilities</b>									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	134,780	(7,155)	-	(9,587)	118,038	-	-	-	-
Investments in subsidiaries	50,395	23,853	-	-	74,248	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
Accumulated depreciation - assets under financial lease agreements	-	1,155	-	-	1,155	-	-	-	-
<b>Total</b>	<b>188,596</b>	<b>17,853</b>	<b>-</b>	<b>(9,587)</b>	<b>196,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(139,170)</b>				<b>(135,344)</b>	<b>19,308</b>			<b>22,454</b>
Deferred tax assets					25,883				22,454
Deferred tax liabilities					161,227				-
<b>Deferred tax assets (liabilities) - net</b>					<b>(135,344)</b>				<b>22,454</b>

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2018	Recognise to income statement	Recognise to statement of comprehensive income	Translation adjustment	As at 31 December 2018	As at 1 January 2018	Recognise to income statement	Recognise to statement of comprehensive income	As at 31 December 2018
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	57,160	3,228	(2,458)	(361)	57,569	5,941	(419)	463	5,985
Accumulated depreciation - ore, plant and equipment	21,052	(793)	-	(55)	20,204	13,009	-	-	13,009
Inventories	2,045	(1,284)	-	(12)	749	-	-	-	-
Government grants	4,877	373	-	-	5,250	-	-	-	-
Capital lease	(2,356)	(32,703)	-	103	(34,956)	-	-	-	-
Others	1,062	(452)	-	-	610	314	-	-	314
<b>Total</b>	<b>83,840</b>	<b>(31,631)</b>	<b>(2,458)</b>	<b>(325)</b>	<b>49,426</b>	<b>19,264</b>	<b>(419)</b>	<b>463</b>	<b>19,308</b>
<b>Deferred tax liabilities</b>									
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	101,495	34,083	-	(798)	134,780	-	-	-	-
Investments in subsidiaries	86,813	(34,104)	-	(2,314)	50,395	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	3,421	-	-	-	-
<b>Total</b>	<b>191,729</b>	<b>(21)</b>	<b>-</b>	<b>(3,112)</b>	<b>188,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(107,889)</b>				<b>(139,170)</b>	<b>19,264</b>			<b>19,308</b>
Deferred tax assets					22,577				19,308
Deferred tax liabilities					161,747				-
<b>Deferred tax assets (liabilities) - net</b>					<b>(139,170)</b>				<b>19,308</b>

As at 31 December 2019, the subsidiaries have unused tax losses totaling Baht 57.9 million (2018: Baht 60.2 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 57.9 million will expire by year 2024.

### 33. Promotional privileges

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

Certificate No.	1760(2)/2546	2078(9)/2551	62-0394-1-04-1-0
Date	26 December 2003	19 November 2008	22 April 2019
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)	Manufacture of alcohol
2. Significant privileges			
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	8 years (expired)	8 years (will expire on 1 April 2020)	3 years or not exceed 50 percent of the investment (will expire on 17 March 2022)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	1 year	-
3. Date of first earning operating income	31 January 2005	2 April 2012	18 March 2019

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

The subsidiary's operating revenues for the years ended 31 December 2019 and 2018 were domestic sales, which were divided between promoted and non-promoted operations, are summarised below:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenues from sales		
Promoted operations	2,242,169	1,538,771
Non-promoted operations	291,833	1,157,305
Total	<u>2,534,002</u>	<u>2,696,076</u>

### 34. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company (Thousand Baht)	420,584	600,679	323,904	601,703
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.80	1.14	0.62	1.15



### 35. Dividend paid

Dividends paid by the Group for the years ended 31 December 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>
<b><u>2019</u></b>				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.30	15 May 2019
The interim dividend in respect of operation income for the period from January to September 2019	Board of Directors' meeting on 21 October 2019	157,500	0.30	20 November 2019
Total		<u>315,000</u>	<u>0.60</u>	
<b><u>2018</u></b>				
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	246,750	0.47	15 May 2018
The interim dividend in respect of operation income for the period from January to June 2018	Board of Directors' meeting on 17 September 2018	236,250	0.45	16 October 2018
Total		<u>483,000</u>	<u>0.92</u>	

In addition, the Annual General Meeting of the shareholders for 2019 approved to set aside a general reserve of Baht 206.1 million (2018: Baht 297.2 million).

## Local subsidiary

### Thai Agro Energy Public Company Limited

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2019</u></b>				
Final dividends 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	24 May 2019
Interim dividends 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	200,000	0.20	13 September 2019
Total		350,000	0.35	
<b><u>2018</u></b>				
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		149,985	0.15	

During the year 2019, the Company received dividend income at 51 percent for a total of Baht 178.5 million (2018: Baht 76.5 million).

## Overseas subsidiaries

### PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b><u>2019</u></b>				
The second 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
The second interim dividend for 2019	Board of Directors' meeting on 12 December 2019	2,000	250	27 December 2019
Total		5,600	700	
<b><u>2018</u></b>				
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		19,000	2,375	

During the year 2019, the Company received dividend income at 55 percent for a total of USD 3.1 million or equivalent to Baht 94.5 million. The Company had been withheld the withholding tax deducted at source of Baht 18.9 million (2018: dividend income 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</u>	<u>Dividend</u>	<u>Paid on</u>
		(Thousand US Dollar)	(US Dollar)	
<b>2018</b>				
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
The first interim dividend for 2018	Board of Directors' meeting on 19 October 2018	993	125	3 December 2018
Total		<u>9,023</u>	<u>1,135</u>	

During the year 2018, the Company received dividend income at 65 percent for a total of USD 5.9 million or equivalent to Baht 187.2 million. The Company had been withheld the withholding tax deducted at source of Baht 37.4 million.

### **36. Segment information**

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

For management purposes, the Group are organised into business units based on its products, in which the Group recognised revenue at the point in time, and have three reportable segments as follows:

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

During the current year, the local 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.

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

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

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

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	For the years ended 31 December													
	Domestic		Overseas		Ethanol business		Domestic		Total segments		Adjustments and		Consolidated	
	coal business		coal business				other business				eliminations			
	<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>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue from external customers	987	1,378	5,733	8,461	2,534	2,696	-	-	9,254	12,535	-	-	9,254	12,535
Inter-segment revenue	200	225	285	34	-	-	-	-	485	259	(485)	(259)	-	-
Interest income	6	8	10	15	-	-	-	-	16	23	-	(1)	16	22
Interest expenses	-	-	33	23	37	41	-	-	70	64	-	(1)	70	63
Depreciation and amortisation	32	30	508	544	167	159	-	-	707	733	(1)	(2)	706	731
Share of profit from investment in associated company accounted for by the equity method	7	12	-	-	-	-	-	-	7	12	-	-	7	12
Income tax expenses	42	134	111	322	16	27	-	-	169	483	24	(34)	193	449
<b>Segment profit</b>	<b>354</b>	<b>387</b>	<b>2,403</b>	<b>3,660</b>	<b>610</b>	<b>438</b>	<b>-</b>	<b>-</b>	<b>3,367</b>	<b>4,485</b>	<b>(201)</b>	<b>(218)</b>	<b>3,166</b>	<b>4,267</b>
<b>Segment total assets</b>	<b>2,956</b>	<b>2,965</b>	<b>3,572</b>	<b>3,724</b>	<b>4,137</b>	<b>3,772</b>	<b>2</b>	<b>4</b>	<b>10,667</b>	<b>10,465</b>	<b>(932)</b>	<b>(819)</b>	<b>9,735</b>	<b>9,646</b>
Investment in associated company accounted for by equity method	20	24	-	-	-	-	-	-	20	24	-	-	20	24
Additions to non-current assets other than financial instruments and deferred tax assets	8	427	61	172	68	358	-	-	137	957	-	3	137	960

## Geographic information

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	3,675,669	4,786,148
India	2,592,923	4,495,705
Singapore	1,040,299	1,054,956
Dubai	447,699	534,273
China	110,811	289,767
South Korea	63,465	454,724
Others	1,322,948	919,639
Total	<u>9,253,814</u>	<u>12,535,212</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,805,819	3,731,210
Indonesia	1,630,659	1,572,676
Total	<u>5,436,478</u>	<u>5,303,886</u>

## Major customers

During the year 2019, the Group have revenue from 5 major customers in amount of Baht 4,005 million and Baht 1,133 million, arising from sales by the coal business and ethanol business, respectively (2018: revenue from 5 major customers in amount of Baht 5,516 million and Baht 1,203 million, arising from sales by the coal business and ethanol business, respectively).

## **37. Significant contracts and agreements**

37.1 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.

37.2 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.

37.3 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.

## **38. Commitments and contingent liabilities**

### **38.1 Capital commitments**

As at 31 December 2019, the Group had capital commitments of Baht 44.3 million relating to the subsidiaries’ construction of Wastewater Evaporation Plant, port loading conveyor, and other construction projects (2018: Baht 286.5 million relating to the construction of the Company’s coal screening plant and the subsidiaries’ construction of Wastewater Evaporation Plant, port loading conveyor, and other construction projects).

### 38.2 Operating lease commitments

- a) The Group have entered into several lease agreements in respect of the lease of office building space, vehicles and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2019 and 2018, future minimum payment under these lease and service agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
In up to 1 year	45	41	12	12
In over 1 and up to 5 years	26	40	18	9

- b) On 13 April 2017, PT. Singlurus 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.

### 38.3 Long-term service and purchase commitments

- a) The Group had commitments under several service agreements in respect of the security service, car maintenance service and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2019 and 2018, future minimum payments under these agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
In up to 1 year	4.6	2.1	0.9	0.9
In over 1 year and up to 5 years	0.3	1.0	0.2	1.0

- b) The Group had commitments under service agreements regarding the legal consulting, the consulting for finance and management, the consulting for mining, environment and safety and other consulting of Baht 22.0 million (the Company only: Baht 22.0 million) (2018: Baht 8.7 million (the Company only: Baht 8.7 million)).



- c) The Company had commitments under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreement.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, 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 of molasses are those stipulated in the agreement.

#### **38.4 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.

#### **38.5 Guarantees**

As at 31 December 2019, the Group had bank guarantees of approximately Baht 6 million and Rupiah 9,500 million (the Company only: Baht 0.9 million) (2018: Baht 6 million and Rupiah 9,500 million (the Company only: Baht 0.9 million)) issued by banks on behalf of the Group in respect of mine reclamation of the overseas subsidiaries to the government and guarantee for the contractual performance for using of electric to the Provincial Electricity Authority.

### 39. 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 2011 (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 income statement for the current year.

### 40. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
Held for trade investments - Open funds	402,336	402,336	400,080	400,080
<b>Assets for which fair value are disclosed</b>				
Investment property	32,423	32,423	32,423	32,423

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
Held for trade investments - Open funds	496,386	496,386	491,050	491,050
<b>Assets for which fair value are disclosed</b>				
Investment property	32,423	32,423	32,423	32,423

## 41. Financial instruments

### 41.1 Financial risk management

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

#### ***Credit risk***

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

#### ***Interest rate risk***

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

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)	
Within 1 year	1 - 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	220	-	258	-	478	0.10 - 6.50
Current investments	209	-	-	403	612	1.55 - 2.70
Trade and other receivables	1	-	-	705	706	6.87
Restricted bank deposits	106	-	-	-	106	0.75 - 6.25
	<u>536</u>	<u>-</u>	<u>258</u>	<u>1,108</u>	<u>1,902</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,607	-	-	-	1,607	0.06 - 2.80
Trade and other payables	-	-	-	519	519	-
Liabilities under finance lease agreements	3	9	-	-	12	0.27 - 2.46
Long-term loans	22	128	604	-	754	3MTHBFIX+1.95, 5.50
	<u>1,632</u>	<u>137</u>	<u>604</u>	<u>519</u>	<u>2,892</u>	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)	
Within 1 year	1 - 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	234	-	370	1	605	0.10 - 7.50
Current investments	150	-	-	496	646	2.70 - 2.80
Trade and other receivables	-	-	-	1,090	1,090	-
Restricted bank deposits	105	-	-	-	105	0.50 - 6.75
	<u>489</u>	<u>-</u>	<u>370</u>	<u>1,587</u>	<u>2,446</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,370	-	-	-	1,370	0.06 - 3.10
Trade and other payables	-	-	-	617	617	-
Liabilities under finance lease agreements	2	1	-	-	3	0.27 - 15.32
Long-term loans	-	-	628	-	628	3MTHBFIX+1.95
	<u>1,372</u>	<u>1</u>	<u>628</u>	<u>617</u>	<u>2,618</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2019					
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate	
				(% per annum)	
<b>Financial assets</b>					
Cash and cash equivalents	-	125	-	125	0.10 - 1.40
Current investments	209	-	400	609	1.55 - 2.70
Trade and other receivables	-	-	122	122	-
	<u>209</u>	<u>125</u>	<u>522</u>	<u>856</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	32	32	-
	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2018					
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate	
				(% per annum)	
<b>Financial assets</b>					
Cash and cash equivalents	-	156	-	156	0.10 - 1.10
Current investments	150	-	491	641	2.70 - 2.80
Trade and other receivables	-	-	188	188	-
	<u>150</u>	<u>156</u>	<u>679</u>	<u>985</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	45	45	-
	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>	

### **Foreign currency risk**

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

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

As at 31 December 2019				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	as at 31 December 2019	
			Buying rate	Selling rate
US dollar	8.9	-	29.9767	30.3313

As at 31 December 2018				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	as at 31 December 2018	
			Buying rate	Selling rate
US dollar	6.1	0.01	32.2848	32.6148

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below:

As at 31 December 2019			
Foreign currency	Bought amount	Contractual exchange	Contractual maturity date
		rate for amount bought	
	(Million)		
US dollar	1.0	30.33 - 30.56	March - June 2020

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

## 41.2 Fair values of financial instruments

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

## **42. Capital management**

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.63:1 (2018: 0.63:1) and the Company's debt-to-equity ratio was 0.04:1 (2018: 0.04:1).

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

### **The Company**

On 3 February 2020, the Board of Directors Meeting passed a resolution on approving Lanna Power Generation Company Limited to increase its registered capital from Baht 10 million (2 million shares of Baht 5 each) to Baht 300 million (60 million shares of Baht 5 each), by issuing ordinary shares of Baht 290 million (58 million shares of Baht 5 each). On 21 February 2020, the Company exercised its right and made the subscription payment for the newly issued share at 50 percent totaling of Baht 145 million (58 million shares of Baht 2.5 each). The subsidiary registered the increase in share capital with the Ministry of Commerce on 24 February 2020.

### **Local subsidiary**

#### Lanna Power Generation Company Limited

On 20 February 2020, the Extraordinary General Meeting of shareholders passed a resolution on approving the investment in SRT Power Pallet Company Limited, whose operation is to manufacture and distribute wood pallets. Currently, it has been in process.

## **44. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2020.