

Lanna Resources Public Company Limited  
and its subsidiaries  
Review report and interim financial information  
For the three-month period ended 31 March 2020

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

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 31 March 2020 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

### **Emphasis of Matter**

I draw attention to Note 1.2 and 1.5 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month period ended 31 March 2020, the Group has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic issued by the Federation of Accounting Professions.

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more. This situation significantly affects the Group in its investment in the General Fixed Income Fund managed by a fund management company that announced the termination of the fund in late March 2020 and is currently under liquidation. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, including the investment in the General Fixed Income Fund, and will record the impact when it is possible to do so.

My conclusion is not modified in respect of this matter.

#### **Other Matter**

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Company for the accounting period of 2020 yet. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Company for the accounting period of 2020. I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CSMB) No. TorChor 28/2563 dated 27 March 2020.

Patcharawan Koonarangsri  
Certified Public Accountant (Thailand) No. 6650

EY Office Limited  
Bangkok: 15 May 2020

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	768,913	477,625	208,735	124,555
Current investments	7	-	611,569	-	609,313
Trade and other receivables	3, 5	858,732	706,160	184,188	121,992
Inventories		1,125,711	729,349	210,344	140,274
Value added tax refundable		498,968	647,373	4,378	236
Prepaid income tax		310,652	280,716	-	-
Advance payments for goods	3, 6	247,816	667,834	202,411	210,280
Other current financial assets	7	431,007	-	393,513	-
Other current assets		141,426	152,488	1,896	2,295
<b>Total current assets</b>		<b>4,383,225</b>	<b>4,273,114</b>	<b>1,205,465</b>	<b>1,208,945</b>
<b>Non-current assets</b>					
Restricted bank deposits	4	133,552	105,742	-	-
Investments in subsidiaries	8	-	-	913,333	768,333
Investment in associated company	9	21,504	19,608	891	891
Advance payment for share subscription	10	241,154	241,154	241,154	241,154
Investment properties		32,423	32,423	32,423	32,423
Property, plant and equipment	11	4,352,673	4,206,022	336,761	336,866
Right-of-use assets		94,943	-	41,959	-
Biological asset		3,154	1,957	-	-
Goodwill	8	234,649	186,000	-	-
Intangible assets	12	149,974	156,990	148,177	154,975
Deferred tax assets		26,054	25,883	22,611	22,454
Other non-current financial assets		8,234	-	4,053	-
Other non-current assets	13	564,197	486,581	-	3,873
<b>Total non-current assets</b>		<b>5,862,511</b>	<b>5,462,360</b>	<b>1,741,362</b>	<b>1,560,969</b>
<b>Total assets</b>		<b>10,245,736</b>	<b>9,735,474</b>	<b>2,946,827</b>	<b>2,769,914</b>

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	14	1,327,564	1,606,854	-	-
Short-term loans	15	17,429	-	-	-
Trade and other payables	3, 16	494,562	519,048	111,701	31,848
Current portion of long-term loans from financial institutions	17	190,077	166,114	-	-
Current portion of liabilities under financial institutions		-	3,008	-	-
Current portion of lease liabilities		28,229	-	10,483	-
Accrued expenses		343,286	283,151	4,959	15,402
Income tax payable		62,340	22,097	2,320	-
Other current financial liabilities		3,349	-	1,025	-
Other current liabilities		84,178	56,514	13,099	6,572
<b>Total current liabilities</b>		<b>2,551,014</b>	<b>2,656,786</b>	<b>143,587</b>	<b>53,822</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions					
- net of current portion	17	655,709	587,825	-	-
Liabilities from finance lease agreements					
- net of current portion		-	8,980	-	-
Lease liabilities - net of current portion		62,134	-	31,702	-
Provision for long-term employee benefits		243,033	252,810	46,440	45,653
Provision for mine reclamation and decommissioning costs		82,051	87,202	-	-
Deferred tax liabilities		203,680	161,227	-	-
<b>Total non-current liabilities</b>		<b>1,246,607</b>	<b>1,098,044</b>	<b>78,142</b>	<b>45,653</b>
<b>Total liabilities</b>		<b>3,797,621</b>	<b>3,754,830</b>	<b>221,729</b>	<b>99,475</b>

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Liabilities and shareholders' equity (continued)</b>				
<b>Shareholders' equity</b>				
<b>Share capital</b>				
Registered, issued and fully paid up				
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400
Retained earnings				
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500
Appropriated - General reserve	1,250,600	1,250,600	1,250,600	1,250,600
Unappropriated	2,094,359	1,909,835	216,598	161,939
Other components of shareholders' equity	54,378	(53,920)	-	-
<b>Equity attributable to owners of the Company</b>	<b>4,657,237</b>	<b>4,364,415</b>	<b>2,725,098</b>	<b>2,670,439</b>
Non-controlling interests of the subsidiaries	1,790,878	1,616,229	-	-
<b>Total shareholders' equity</b>	<b>6,448,115</b>	<b>5,980,644</b>	<b>2,725,098</b>	<b>2,670,439</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,245,736</b>	<b>9,735,474</b>	<b>2,946,827</b>	<b>2,769,914</b>
	-	-	-	-

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

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Directors  
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## Lanna Resources Public Company Limited and its subsidiaries

## Income statements

For the three-month period ended 31 March 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Revenues</b>					
Sales	3	3,007,653	2,784,119	229,970	259,576
Commission and marketing service income	3	-	-	53,284	48,555
Other income					
Service income	3	-	-	13,955	11,831
Gain on exchange		-	19,744	24,520	-
Interest income		3,291	4,067	1,430	1,718
Others		8,628	3,970	1,762	3,026
Total other income		11,919	27,781	41,667	16,575
<b>Total revenues</b>		<b>3,019,572</b>	<b>2,811,900</b>	<b>324,921</b>	<b>324,706</b>
<b>Expenses</b>					
Cost of sales	3	1,874,392	1,749,085	193,088	213,475
Selling and distribution expenses		574,542	588,295	36,040	35,303
Administrative expenses		115,674	76,238	26,619	23,894
Loss on exchange		31,786	-	-	3,344
<b>Total expenses</b>		<b>2,596,394</b>	<b>2,413,618</b>	<b>255,747</b>	<b>276,016</b>
<b>Profit from operating activities</b>		<b>423,178</b>	<b>398,282</b>	<b>69,174</b>	<b>48,690</b>
Share of profit from investment in associated company	9	1,896	2,029	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>425,074</b>	<b>400,311</b>	<b>69,174</b>	<b>48,690</b>
Finance cost		(15,974)	(37,084)	(559)	-
<b>Profit before income tax expenses</b>		<b>409,100</b>	<b>363,227</b>	<b>68,615</b>	<b>48,690</b>
Income tax expenses	18	(113,867)	(70,925)	(13,956)	(9,451)
<b>Profit for the period</b>		<b>295,233</b>	<b>292,302</b>	<b>54,659</b>	<b>39,239</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		184,524	166,824	54,659	39,239
Non-controlling interests of the subsidiaries		110,709	125,478		
		<b>295,233</b>	<b>292,302</b>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company (Baht)	19	0.35	0.32	0.10	0.07
Weighted average number of ordinary shares (Thousand shares)		525,000	525,000	525,000	525,000

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Profit for the period</b>	<u>295,233</u>	<u>292,302</u>	<u>54,659</u>	<u>39,239</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>172,238</u>	<u>(40,318)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>172,238</u>	<u>(40,318)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>172,238</u>	<u>(40,318)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>467,471</u>	<u>251,984</u>	<u>54,659</u>	<u>39,239</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>292,822</u>	<u>141,255</u>	<u>54,659</u>	<u>39,239</u>
Non-controlling interests of the subsidiaries	<u>174,649</u>	<u>110,729</u>		
	<u>467,471</u>	<u>251,984</u>		

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



(Unaudited but reviewed)

## Lanna Resources Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
					Other components of shareholders' equity							
					Other comprehensive income	Exchange differences on						
					translation of	Surplus on change	Capital reserve	Total other	Total equity	Equity attributable		
					financial	in the percentage	for share-based	component of	attributable to	to non-controlling		
					statements in	of shareholding	payment	shareholders'	owners of	interests of		
					foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries		
					Unappropriated							
					Retained earnings							
					Appropriated							
Issued and paid up share capital		Share premium	Statutory reserve	General reserve								
<b>Balance as at 1 January 2019</b>	525,000	680,400	52,500	1,044,500	2,018,747	(33,895)	75,949	556	42,610	4,363,757	1,552,088	5,915,845
Profit for the period	-	-	-	-	166,824	-	-	-	-	166,824	125,478	292,302
Other comprehensive income for the period	-	-	-	-	-	(25,569)	-	-	(25,569)	(25,569)	(14,749)	(40,318)
Total comprehensive income for the period	-	-	-	-	166,824	(25,569)	-	-	(25,569)	141,255	110,729	251,984
Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiary	-	-	-	-	-	-	-	-	-	-	2,045	2,045
<b>Balance as at 31 March 2019</b>	525,000	680,400	52,500	1,044,500	2,185,571	(59,464)	75,949	556	17,041	4,505,012	1,664,862	6,169,874
<b>Balance as at 1 January 2020</b>	525,000	680,400	52,500	1,250,600	1,909,835	(130,425)	75,949	556	(53,920)	4,364,415	1,616,229	5,980,644
Profit for the period	-	-	-	-	184,524	-	-	-	-	184,524	110,709	295,233
Other comprehensive income for the period	-	-	-	-	-	108,298	-	-	108,298	108,298	63,940	172,238
Total comprehensive income for the period	-	-	-	-	184,524	108,298	-	-	108,298	292,822	174,649	467,471
<b>Balance as at 31 March 2020</b>	525,000	680,400	52,500	1,250,600	2,094,359	(22,127)	75,949	556	54,378	4,657,237	1,790,878	6,448,115

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		Unappropriated	
			Appropriated			
			Statutory reserve	General reserve		
<b>Balance as at 1 January 2019</b>	525,000	680,400	52,500	1,044,500	363,673	2,666,073
Profit for the period	-	-	-	-	39,239	39,239
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	39,239	39,239
<b>Balance as at 31 March 2019</b>	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,044,500</u>	<u>402,912</u>	<u>2,705,312</u>
<b>Balance as at 1 January 2020</b>	525,000	680,400	52,500	1,250,600	161,939	2,670,439
Profit for the period	-	-	-	-	54,659	54,659
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	54,659	54,659
<b>Balance as at 31 March 2020</b>	<u>525,000</u>	<u>680,400</u>	<u>52,500</u>	<u>1,250,600</u>	<u>216,598</u>	<u>2,725,098</u>

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Statements of cash flows****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit before tax	409,100	363,227	68,615	48,690
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	216,575	221,838	14,240	9,155
Reversal of reduction of inventories to net realisable value	-	(2,561)	-	-
Gain on disposals and unrealised gain on change in value of investments in trading securities	(614)	(1,796)	(589)	(1,773)
Share of profit from investment in associated company	(1,896)	(2,029)	-	-
Allowance for diminution in value added tax refundable	11,923	11,609	-	-
Write-off of value added tax refundable and prepaid income tax	570	399	-	-
Gain on disposals of equipment	(462)	(27)	(462)	(27)
Provision for long-term employee benefits	9,499	6,997	787	724
Loss on write-off deferred stripping costs	-	6,981	-	-
Provision for mine reclamation and decommissioning costs (reversal)	12,150	(4,945)	-	-
Unrealised loss (gain) on exchange	19,084	(17,049)	(19,336)	2,906
Interest income	(3,291)	(4,067)	(1,430)	(1,718)
Interest expenses	15,419	36,903	559	-
Profit from operating activities before changes in operating assets and liabilities	688,057	615,480	62,384	57,957
Operating assets (increase) decrease				
Trade and other receivables	(151,469)	(58,957)	(58,346)	(24,089)
Inventories	(396,094)	(125,274)	(70,070)	(41,620)
Value added tax refundable	154,785	108,318	(4,142)	(3,172)
Advance payments for goods	423,817	288,513	24,347	13,149
Other current financial assets	(1,054)	-	(1,457)	-
Other current assets	9,006	(23,884)	261	(1,632)
Operating liabilities increase (decrease)				
Trade and other payables	(19,255)	(41,141)	78,765	51,573
Accrued expenses	51,919	(140,504)	(10,443)	(12,441)
Other current financial liabilities	1,061	-	-	-
Other current liabilities	18,315	29,147	(4,044)	(272)
Cash paid for long-term employee benefits	(1,771)	(6,890)	-	(4,900)
Cash paid for mine reclamation	(10,753)	(5,584)	-	-
Cash from operating activities	766,564	639,224	17,255	34,553
Interest income	2,822	3,083	969	782
Cash paid for interest expenses	(13,714)	(10,566)	-	-
Cash paid for income tax	(65,195)	(111,732)	(196)	(20)
<b>Net cash from operating activities</b>	<b>690,477</b>	<b>520,009</b>	<b>18,028</b>	<b>35,315</b>

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries**  
**Statements of cash flows (continued)**  
**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in debt instruments investments	182,806	(163,260)	217,984	(163,691)
Increase in restricted bank deposits	(18,984)	(31,489)	-	-
Cash paid for investment in subsidiary	(65,091)	-	(145,000)	(3,794)
Proceed from disposals of equipment	468	27	468	27
Acquisitions of property, plant and equipment	(99,193)	(132,447)	(3,982)	(6,532)
Acquisitions of biological asset	(1,197)	-	-	-
Acquisitions of computer software	(5)	(182)	(5)	(44)
Increase in other non-current financial assets	(679)	-	(180)	-
Increase in other non-current assets	<u>(113,879)</u>	<u>(129,925)</u>	<u>-</u>	<u>(81)</u>
<b>Net cash from (used in) investing activities</b>	<u>(115,754)</u>	<u>(457,276)</u>	<u>69,285</u>	<u>(174,115)</u>
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans from financial institutions	(279,290)	(280,549)	-	-
Cash paid for liabilities under finance lease agreements	-	(746)	-	-
Cash paid for lease liabilities	(8,213)	-	(3,137)	-
Cash paid for liabilities under capital lease agreement	-	(101,483)	-	-
Cash received from long-term loan from financial institution	-	38,352	-	-
Decrease in non-controlling interests of the subsidiaries	<u>63,940</u>	<u>(12,704)</u>	<u>-</u>	<u>-</u>
<b>Net cash from financing activities</b>	<u>(223,563)</u>	<u>(357,130)</u>	<u>(3,137)</u>	<u>-</u>
<b>Increase (decrease) in translation adjustments</b>	<u>(59,876)</u>	<u>9,931</u>	<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	291,284	(284,466)	84,176	(138,800)
Cash and cash equivalents at beginning of period	477,625	605,364	124,555	156,032
Effect of change in foreign exchange rate on cash at bank balance	<u>4</u>	<u>25</u>	<u>4</u>	<u>25</u>
<b>Cash and cash equivalents at end of period (Note 4)</b>	<u>768,913</u>	<u>320,923</u>	<u>208,735</u>	<u>17,257</u>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash transactions from investing activities				
Payables from purchases of plant and equipment and intangible assets	11,347	54,234	3,479	2,640
Transfer equipment to intangible assets	65	-	65	-
Transfer equipment to other non-current assets	55,615	-	-	-
Acquisition of equipment from lease liabilities	11,433	-	1,624	-

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

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

**Notes to interim financial statements**

**For the three-month period ended 31 March 2020**

**1. General information**

**1.1 Corporate information**

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

**1.2 Coronavirus disease 2019 Pandemic**

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more. This situation significantly affects the Group in its investment in the General Fixed Income Fund managed by a fund management company that announced the termination of the fund in late March 2020 and is currently under liquidation. However, the impact cannot be reasonably estimated at this stage. The Group’s management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, including the investment in the General Fixed Income Fund, provisions and contingent liabilities, and will record the impact when it is possible to do so.

**1.3 Basis of preparation of interim financial statements**

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

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

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

#### **1.4 Basis of consolidation**

These interim consolidated financial statements included the financial statements of Lanna Resources Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. During the current period, there has been a change in the composition of the Group from the investment in a new subsidiary, SRT Power Pellet Company Limited, which is held 100 percent of total shares by Lanna Power Generation Company Limited.

#### **1.5 New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised (revised 2019) and new 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. 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:

##### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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.

These standards do not have any significant impact on the Group's financial statements.

### **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.

The Group adopted these financial reporting standards using the modified retrospective method of initial 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 cumulative effect of the change is described in Note 2.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-booking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment.

## **1.6 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

### **1.6.1 Financial instruments**

#### ***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

#### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.



### ***Hedge Accounting***

If hedge accounting criteria are met, recognition is as follows:

For fair value hedges, a change in fair value of the hedging instruments and a change in fair value of the hedged items attributable to the risk being hedged are both recognised in profit or loss.

For cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognised in other comprehensive income, while a change in fair value of the ineffective portion of the hedging instruments is recognised in profit or loss.

## **1.6.2 Leases**

### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### ***Short-term leases and Leases of low-value assets***

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## 2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of the statement of financial position of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	611,569	(611,569)	-	-
Other current financial assets	-	611,707	-	611,707
Other current assets	152,488	(138)	(500)	151,850
<b>Non-current assets</b>				
Property, plant and equipment	4,206,022	-	(12,941)	4,193,081
Right-of-use assets	-	-	85,278	85,278
Other non-current financial assets	-	5,759	-	5,759
Other non-current assets	486,581	(5,759)	-	480,822
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of liabilities under finance				
lease agreements	3,008	-	(3,008)	-
Current portion of lease liabilities	-	-	28,731	28,731
Other current financial liabilities	-	2,288	-	2,288
Other current liabilities	56,514	(2,288)	-	54,226
<b>Non-current liabilities</b>				
Liabilities under finance lease agreement,				
net of current portion	8,980	-	(8,980)	-
Lease liabilities, net of current portion	-	-	55,094	55,094

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	609,313	(609,313)	-	-
Other current financial assets	-	609,451	-	609,451
Other current assets	2,295	(138)	-	2,157
<b>Non-current assets</b>				
Right-of-use assets	-	-	43,139	43,139
Other non-current financial assets	-	3,873	-	3,873
Other non-current assets	3,873	(3,873)	-	-
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	10,288	10,288
Other current financial liabilities	-	1,025	-	1,025
Other current liabilities	6,572	(1,025)	-	5,547
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	32,851	32,851

## 2.1 Financial instruments

- The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value		Amortised cost	Total
		Fair value through profit or loss	through other comprehensive income		
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	477,625	-	-	477,625	477,625
Trade and other receivables	706,160	-	-	706,160	706,160
Other current financial assets	611,707	402,336	-	209,371	611,707
Restricted bank deposits	105,742	-	-	105,742	105,742
Other non-current financial assets	5,759	-	-	5,759	5,759
<b>Total financial assets</b>	<b>1,906,993</b>	<b>402,336</b>	<b>-</b>	<b>1,504,657</b>	<b>1,906,993</b>

(Unit: Thousand Baht)

	Separate financial statements				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value		Amortised cost	Total
		Fair value through profit or loss	through other comprehensive income		
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	124,555	-	-	124,555	124,555
Trade and other receivables	121,992	-	-	121,992	121,992
Other current financial assets	609,451	400,080	-	209,371	609,451
Other non-current financial assets	3,873	-	-	3,873	3,873
<b>Total financial assets</b>	<b>859,871</b>	<b>400,080</b>	<b>-</b>	<b>459,791</b>	<b>859,871</b>

- As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

## 2.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
Operating lease commitments as at 31 December 2019	70,781	30,109
Less: Short-term leases and leases of low-value assets	(22,632)	(181)
Add: Option to extend lease term	33,121	19,272
Less: Others	(694)	-
Less: Deferred interest expenses	(8,739)	(6,061)
Increase in lease liabilities due to TFRS 16 adoption	<u>71,837</u>	<u>43,139</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>11,988</u>	<u>-</u>
Lease liabilities as at 1 January 2020	<u><u>83,825</u></u>	<u><u>43,139</u></u>
Comprise of:		
Current lease liabilities	28,731	10,288
Non-current lease liabilities	55,094	32,851
	<u><u>83,825</u></u>	<u><u>43,139</u></u>

(Unaudited but reviewed)

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Buildings and building improvement	50,878	33,089
Machinery and equipment	792	-
Furniture, fixtures and office equipment	145	-
Motor vehicles	33,463	10,050
<b>Total right-of-use assets</b>	<b>85,278</b>	<b>43,139</b>

### 3. Related party transactions

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

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)				
Commission and marketing service income	-	-	53,284	48,555
Service income	-	-	13,955	11,831
Purchase of coal	-	-	68,817	113,282
<u>Transactions with major shareholder</u>				
Sales of coal	162,889	-	162,889	-
<u>Transactions with associated company</u>				
Freight charge	56,001	54,745	56,001	54,745
<u>Transactions with related company</u>				
Sales of coal	326	178,946	326	178,946

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

As at 31 March 2020 and 31 December 2019, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 5)</b>				
Major shareholder	66,983	-	66,983	-
Subsidiaries	-	-	74,015	25,256
Related company (related by common shareholder and/or common directors)	-	63,170	-	63,170
Total trade and other receivables - related parties	<u>66,983</u>	<u>63,170</u>	<u>140,998</u>	<u>88,426</u>
<b><u>Advance payments for goods - related party</u></b>				
<b>(Note 6)</b>				
Subsidiaries	-	-	155,702	149,884
Associated company	14,525	11,042	14,525	11,042
Total advance payments for goods - related party	<u>14,525</u>	<u>11,042</u>	<u>170,227</u>	<u>160,926</u>
<b><u>Trade and other payables - related party</u></b>				
<b>(Note 16)</b>				
Subsidiaries	-	-	69,286	-
Associated company	3,764	-	3,764	-
Total trade and other payables - related party	<u>3,764</u>	<u>-</u>	<u>73,050</u>	<u>-</u>

(Unaudited but reviewed)

### Directors and management's benefits

During the three-month periods ended 31 March 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	30,007	29,004	6,995	6,465
Post-employment benefits	3,885	3,429	204	288
Total	33,892	32,433	7,199	6,753

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Cash	139	166	40	40
Bank deposits	902,326	583,201	208,695	124,515
Total	902,465	583,367	208,735	124,555
Less: Restricted bank deposits	(133,552)	(105,742)	-	-
Total	768,913	477,625	208,735	124,555

As at 31 March 2020, bank deposits in savings accounts and fixed deposits carried interests between 0.10 and 6.25 percent per annum (31 December 2019: between 0.10 and 6.50 percent per annum).

As at 31 March 2020, the overseas subsidiaries have restricted bank deposits of USD 4.1 million or approximately Baht 133.6 million (31 December 2019: USD 3.5 million or approximately Baht 105.7 million) to secure mine reclamation of the overseas subsidiaries to the government and guarantee for coal supply of the overseas subsidiary.



## 5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	66,983	63,170	88,823	70,121
Past due				
Up to 3 months	-	-	23,554	10,795
Total trade receivables - related parties	66,983	63,170	112,377	80,916
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	740,069	609,462	33,416	32,110
Past due				
Up to 3 months	23,697	17,556	-	-
Total trade receivables - unrelated parties	763,766	627,018	33,416	32,110
Total trade receivables	830,749	690,188	145,793	113,026
<b><u>Other receivables</u></b>				
Other receivables - related parties	-	-	28,621	7,510
Other receivables - unrelated parties	25,998	14,662	7,853	702
Derivative assets	634	-	634	-
Advances	77	505	77	5
Interest receivable - unrelated parties	1,274	805	1,210	749
Total other receivables	27,983	15,972	38,395	8,966
Total trade and other receivables	858,732	706,160	184,188	121,992

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 31 March 2020, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 172.7 million (31 December 2019: Rupiah 90,000 million or approximately Baht 185.4 million) were placed to secure such credit facilities.

(Unaudited but reviewed)

## 6. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Advance payments for goods - related parties	14,525	11,042	170,227	160,926
Advance payments for goods - unrelated parties	239,955	663,456	32,184	49,354
Total	254,480	674,498	202,411	210,280
Less: Allowance for impairment	(6,664)	(6,664)	-	-
Total advance payments for goods	247,816	667,834	202,411	210,280

A local subsidiary had significant business transactions with local companies in respect of purchases of molasses under the purchase of molasses agreements. To comply with the conditions in the agreements, as at 31 March 2020, the subsidiary had outstanding advance payments for purchase of molasses amounting to Baht 195.8 million (31 December 2019: Baht 602.6 million).

## 7. Current investments/Other current financial assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Investments in General Fixed Income funds	219,410	402,336	181,951	400,080
Investments in debentures	149,967	149,233	149,967	149,233
Bills of exchange	60,000	60,000	60,000	60,000
Others	1,630	-	1,595	-
Total	431,007	611,569	393,513	609,313

As at 31 March 2020 and 31 December 2019, the Company had current investments in the form of bills of exchange amounting to Baht 60 million carried interest 1.55 percent per annum.

In late March 2020, TMBAM Eastspring announced the dissolution of TMB Thana Plus Fund (TMBTHANAPLUS), in which the Group had the investment of Baht 240.0 million (the Company only: Baht 200.0 million) as at a date of dissolution (31 December 2019: Baht 201.2 million (the Company only: Baht 200.0 million)). The payout amounts are as follows:

(Unaudited but reviewed)

Date received	Amount per unit (Baht/unit)	Consolidated	Separate
		financial statements (Million Baht)	financial statements (Million Baht)
30 March 2020	1.0956	21.6	18.0
10 April 2020	0.3652	7.2	6.0
24 April 2020	0.6087	12.0	10.0
8 May 2020	1.1000	21.7	18.1
		<u>62.5</u>	<u>52.1</u>

TMBAM Eastspring estimated that the minimum payout from 31 March 2020 to 3 July 2020 would amount to Baht 5.113 per unit with the remaining to be paid at a date of the completion of liquidation.

## 8. Investments in subsidiaries

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

Company	Paid up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2020	2019	2020	2019	2020	2019
			(%)	(%)		
<b>Local subsidiaries</b>						
Lanna Power Generation Company Limited	Baht 155 million	Baht 10 million	100.00	100.00	155,000	10,000
Thai Agro Energy Public Company Limited	Baht 1,000 million	Baht 1,000 million	51.00	51.00	510,000	510,000
<b>Overseas subsidiaries</b>						
PT. Lanna Power Indonesia (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 10,500 million	65.00	65.00	22,421	22,421
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023
Total					<u>913,333</u>	<u>768,333</u>

During 2018, PT. Singlurus Pratama (“SGP”) and PT. Lanna Harita Indonesia (“LHI”) sign amendment to each of their coal mining concession or the Coal Contract of Work (“CCOW”) with the Ministry of Energy and Mineral Resources in respect of divestment obligation to reduce the proportion of foreign or non-Indonesian shareholding to not more than 49 percent of the paid up capital. The Company has to completely reduce such divestment within October 2019. After the divestment, the Company will have the percentage of shareholding in SGP and LHI at 49 percent and 41.4615 percent, respectively. In 2019, 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.

Lanna Power Generation Company Limited

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.

SRT Power Pellet Company Limited

On 4 March 2020, Lanna Power Generation Company Limited (“Subsidiary”) entered into share purchase agreement to make an investment in 99.99 percent of shares in SRT Power Pellet Company Limited. The subsidiary acquired 0.78 million ordinary shares at a value of Baht 90 per share and 0.12 million preferred shares at a value of Baht 90 per share from the existing shareholder for a total consideration of Baht 81 million which was totally paid in cash.

The financial statements of SRT Power Pellet Company Limited have been included in the consolidated financial statements since the Group gained controlling authority on 4 March 2020 (“acquisition date”). The details of the acquisition are as follows:

	(Unit: Thousand Baht)
Acquisition cost of investment in subsidiary	81,000
Less: Fair value of net assets (as described in below paragraph)	<u>32,351</u>
Goodwill	<u><u>48,649</u></u>
Acquisition cost of investment in subsidiary	81,000
Less: Cash and cash equivalents of subsidiary	<u>(15,909)</u>
Net cash paid for acquisition of investment in subsidiary	<u><u>65,091</u></u>

(Unaudited but reviewed)

The consolidated income statement for the three-month period ended 31 March 2020 included revenue and profit of SRT Power Pellet Company Limited as from the acquisition date as follows:

	(Unit: Million Baht)
Revenue	-
Loss	(1.5)

If the business combination had taken place at the beginning of the period, revenue and profit of SRT Power Pellet Company Limited would have been included in the consolidated income statement for the three-month period ended 31 March 2020 as follows:

	(Unit: Million Baht)
Revenue	-
Loss	(5.9)

At present, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition dates of SRT Power Pellet Company Limited. The assessment process is ongoing and mainly relates to the identification and valuation of certain tangible assets. The assessment shall be completed within the measurement period of twelve months from the acquisition dates pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2019) "Business Combinations". During the measurement period, the Group will make further retrospective adjustment of the provisional amounts recognised at the acquisition dates when it obtains complete accounting information for reporting in the financial statements.

Fair values of the identifiable assets acquired and liabilities assumed from SRT Power Pellet Company Limited as at the acquisition dates based on the estimation performed by the Group as of 31 March 2020 are summarised below.

(Unaudited but reviewed)

SRT Power Pellet Company Limited

	(Unit: Thousand Baht)
Cash and cash equivalents	15,909
Inventories	268
Value added tax refundable	9,359
Other current financial assets	438
Property, plant and equipment	114,432
Other non-current financial assets	1,703
Short-term loans	(17,429)
Trade and other payables	(5,402)
Long-term loans from financial institutions	(79,148)
Other accrued expenses	(7,738)
Other current liabilities	(41)
Fair value of net assets	<u>32,351</u>
Goodwill	<u>48,649</u>
Cost of acquisitions of investments in subsidiaries	<u><u>81,000</u></u>

The difference of Baht 48.6 million between the consideration paid and the fair value of identifiable net assets acquired based on the estimation of the management was included in a part of goodwill in the consolidated statement of financial position as at 31 March 2020.

Goodwill comprises the value of the manufacture and distribution of wood pellet.

Movements in the goodwill account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
Book value as at 1 January 2020	186,000
Add: Increase from business combination	<u>48,649</u>
Book value as at 31 March 2020	<u><u>234,649</u></u>

(Unaudited but reviewed)

## 9. Investment in associated company

Company	Nature of business	Relationship	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			31 March	31 December	31 March	31 December	Carrying amounts based on equity method		Cost	
			2020	2019	2020	2019	31 March	31 December	31 March	31 December
					(%)	(%)	2020	2019	2020	2019
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	Direct holding	SGD 0.1 million	SGD 0.1 million	49	49	21,504	19,608	891	891
Total							21,504	19,608	891	891

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month periods ended 31 March 2020 of approximately Baht 1.9 million (2019: Baht 2.0 million) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

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

**10. Advance payment for share subscription**

On 8 March 2018, the Company entered into Conditional Share Subscription Agreement for subscription of new issued 269,674,581 ordinary shares of PT. Pesona Khatulistiwa Nusantara ("PKN") which incorporated in mining business in Indonesia amounting to USD 8.8 million with proportion of 40 percent of total registered shares after the increase in share capital of PKN. As at 31 March 2020, the Company has paid an advance for the share subscription of USD 7.5 million or approximately Baht 241.2 million. However, the completion of the transaction is subject to certain conditions precedent under the agreement which must be satisfied in full. On 27 March 2020, the Company entered into an agreement with PKN to extend the share subscription to 31 May 2020.

**11. Property, plant and equipment**

Movements in the property, plant and equipment account for the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2020	4,193,081	336,866
Increase from business combinations	114,432	-
Acquisitions during the period - cost	88,432	4,335
Disposal during the period - net book value on disposal date	(6)	(6)
Transfer out during the period	(55,680)	(65)
Depreciation for the period	(74,966)	(4,369)
Translation adjustments	87,380	-
Net book value as at 31 March 2020	<u>4,352,673</u>	<u>336,761</u>

As at 31 March 2020, the local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 376.7 million (31 December 2019: Baht 374.4 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 2.2 million were capitalised during the three-month period ended 31 March 2020 (31 December 2019: Baht 11.4 million). The weighted average rate of 2.9 to 3.1 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (31 December 2019: 3.1 to 3.8 percent per annum).



(Unaudited but reviewed)

Borrowing costs from a loan from a financial institution amounting to USD 0.05 million or Baht 1.6 million (31 December 2019: USD 0.08 million or Baht 2.5 million) were capitalised during the three-month period ended 31 March 2020. The weighted average rate of 5.5 percent per annum (31 December 2019: 5.5 percent per annum) has been used to determine the amount of borrowing costs eligible for capitalisation.

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 local subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2020 amounting to approximately Baht 1,494 million (31 December 2019: Baht 1,514 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 14 and 17.

The overseas subsidiary has mortgaged part of its land, machinery, and equipment with net book value as at 31 March 2020 amounting to approximately USD 23.5 million or equivalent to Baht 767.1 million (31 December 2019: 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 14 and 17.

## 12. Intangible assets

Movement in the intangible assets account for the three-month period ended 31 March 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Deferred transferred service fees according to contract	Total
Net book value as at 1 January 2020	3,648	153,342	156,990
Acquisitions during the period - cost	204	-	204
Transfer in during the period	65	-	65
Amortisation for period	(439)	(6,846)	(7,285)
Net book value as at 31 March 2020	<u>3,478</u>	<u>146,496</u>	<u>149,974</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Deferred transferred service fees according to contract	Total
Net book value as at 1 January 2020	1,633	153,342	154,975
Acquisitions during the period - cost	204	-	204
Transfer in during the period	65	-	65
Amortisation for period	(221)	(6,846)	(7,067)
Net book value as at 31 March 2020	1,681	146,496	148,177

### 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. Such right to the fees will be amortised according to the quantity of coal produced and sold from SGP.

### 13. Other non-current assets

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Deferred expenses - Indonesia coal mine project	220,569	155,872	-	-
Deferred stripping costs	342,261	323,689	-	-
Others	1,367	7,020	-	3,873
Total other non-current assets	564,197	486,581	-	3,873
Amortisation expenses for the period/year	126,257	414,756	-	-

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Promissory notes	2.75 - 2.95	2.75 - 2.80	866,338	943,222
Trust receipts	2.53	2.53 - 2.73	461,226	448,072
Bill of purchasing line	-	0.06 - 3.03	-	215,560
Total			<u>1,327,564</u>	<u>1,606,854</u>

Movements in short-term loans from financial institutions during the three-month period ended 31 March 2020 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2020	1,606,854
Add: Increase during the period	1,869,950
Less: Repayment during the period	<u>(2,149,240)</u>
Balance as at 31 March 2020	<u>1,327,564</u>

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

As at 31 March 2020, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 33.0 million or equivalent to Baht 1,078.1 million and Baht 732.4 million totaling of Baht 1,810.5 million (31 December 2019: USD 25.9 million or equivalent to Baht 779.5 million and Baht 668.7 million, totaling of Baht 1,448.2 million).

#### 15. Short-term loans

As at 31 March 2020, the local subsidiary had short-term loan from individuals and unrelated company in form of promissory note of Baht 17.4 million and accrued interest expenses of Baht 3.8 million. The carrying interest of loan from individuals is at 2.0 percent per annum and no interest for loan from unrelated company. The loans are unsecured and are due for repayment at call.

(Unaudited but reviewed)

**16. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade payables - related party	3,764	-	73,050	-
Trade payables - unrelated parties	416,812	433,858	33,950	27,193
Other payables - unrelated parties	73,986	85,190	4,701	4,655
<b>Total trade and other payables</b>	<b>494,562</b>	<b>519,048</b>	<b>111,701</b>	<b>31,848</b>

**17. Long-term loans from financial institutions**

	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
				Consolidated	
				31 March 2020	31 December 2019
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 first withdrawal date (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.	364,435	364,413
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 first withdrawal date (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	239,721	239,702
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.	162,469	149,824

(Unaudited but reviewed)

(Unit: Thousand Baht)  
Consolidated  
financial statements

No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	31 March 2020	31 December 2019
4	80.0	MLR-1.25	The loan is repayable within 5 years and is repayable the first installment in the last day of the fourth month since the first withdrawal date (4 March 2020). The principal is payable in 57 monthly installments of Baht 1.39 million and the interest is monthly payable with the first payment in the last day of the month of first withdrawal date.	79,161	-
Total				845,786	753,939
Less: Current portion				(190,077)	(166,114)
Long-term loans, net of current portion				655,709	587,825

Movements in the long-term loans account during the three-month period ended 31 March 2020 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2020	753,939
Increase from business combination	79,148
Amortisation of transaction costs during the period	191
Translation adjustments	12,508
Balance as at 31 March 2020	845,786

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

On 4 March 2020, the Company, as an indirect major shareholder of the local subsidiary, sent a letter to the bank to notify its intention to provide attributable financial support on the subsidiary's debt obligations in case the subsidiary is unable to maintain the financial ratios as stipulated in the loan agreement.

The loan agreements contain several covenants which, among other things, require the subsidiaries to maintain certain financial ratios according to the agreements such as debt to equity and debt service coverage ratios at the rate prescribed in the agreements. As at 31 March 2020, the subsidiaries could maintain certain financial ratios as specified in the long-term loan agreements.

(Unaudited but reviewed)

As at 31 March 2020, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 2 million or equivalent to Baht 65.3 million and Baht 11.2 million, totaling of Baht 76.5 million (31 December 2019: USD 2 million or equivalent to Baht 60.3 million and Baht 11.2 million, totaling of Baht 71.5 million).

## 18. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	78,623	55,518	13,931	9,824
Adjustment in respect of income tax of previous year	182	(228)	182	(228)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	35,062	15,635	(157)	(145)
<b>Income tax expenses reported in the income statements</b>	<u>113,867</u>	<u>70,925</u>	<u>13,956</u>	<u>9,451</u>

## 19. Earnings per share

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

## 20. Segment information

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

The Group is organised into business units based on its products. The Group recognised revenue at the point in time. During the current period, the Group has not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding of the Group's operating segments for the three-month periods ended 31 March 2020 and 2019

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 31 March

	Domestic coal business		Overseas coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>										
Revenues from external customers	230	260	2,040	1,771	738	753	-	-	3,008	2,784
Inter-segment revenues	74	66	69	113	-	-	(143)	(179)	-	-
<b>Total revenue</b>	<b>304</b>	<b>326</b>	<b>2,109</b>	<b>1,884</b>	<b>738</b>	<b>753</b>	<b>(143)</b>	<b>(179)</b>	<b>3,008</b>	<b>2,784</b>
<b>Operating results</b>										
<b>Segment gross profit</b>	111	113	982	767	117	224	(77)	(69)	1,133	1,035
Other income									12	8
Share of profit from investment in associated company									2	2
Gain (loss) on exchange									(31)	19
Selling and distribution expenses									(575)	(588)
Administrative expenses									(116)	(76)
Finance cost									(16)	(37)
<b>Profit before income tax expenses</b>									<b>409</b>	<b>363</b>
Income tax expenses									(114)	(71)
<b>Profit for the period</b>									<b>295</b>	<b>292</b>

## **21. Significant contracts and agreements**

**21.1** 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.

**21.2** 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.

**21.3** 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.

**21.4** 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.

## **22 Commitments and contingent liabilities**

### **22.1 Capital commitments**

As at 31 March 2020, the Group had capital commitments of Baht 10.2 million, relating to the construction of the subsidiary’s construction of Vinasse Evaporation Plant. (31 December 2019: Baht 44.3 million, relating to the construction of the subsidiaries’ construction of Vinasse Evaporation Plant, port loading conveyor and other construction projects.)



## 22.2 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. Future minimum payments under these service agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
In up to 1 year	7.5	4.6	0.7	0.9
In over 1 year and up to 5 years	0.1	0.3	0.1	0.2

- b) The Group had commitments under service agreements regarding the legal consulting, the consulting for financing and management of Baht 18.3 million (The Company Only: Baht 18.3 million) (31 December 2019: Baht 22.0 million (The Company Only: Baht 22.0 million)).
- c) The Company had commitment under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreements.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.

## 22.3 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.

## 22.4 Guarantees

As at 31 March 2020, the Group had bank guarantees of approximately Baht 6 million and Rupiah 19,990 million (the Company only: Baht 0.9 million) (31 December 2019: 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 contractual performance for using of electric to the Provincial Electricity Authority.

## 23. 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.

## 24. Foreign currency risk

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

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

As at 31 March 2020				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	8.7	2.2	32.5125	32.8298

  

As at 31 December 2019				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	8.9	-	29.9767	30.3313

(Unaudited but reviewed)

As at 31 March 2020 and 31 December 2019, foreign exchange contracts outstanding are summarised below.

As at 31 March 2020			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.8	31.45 - 32.81	April - September 2020

  

As at 31 December 2019			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.0	30.33 - 30.56	March - June 2020

## 25. Fair value hierarchy

As at 31 March 2020, the Group had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Level 2	Total	Level 2	Total
Investment in General Fixed Income				
Funds	219,410	219,410	181,951	181,951
Derivatives - Foreign exchange				
contracts	634	634	634	634

## 26. Event after the reporting period

### Dividend paid of the Company

On 8 April 2020, the Board of the Company's directors passed a resolution approving the payment of the second interim dividend in respect of the 2019 operating income of Baht 0.3 per share or a total of Baht 157.5 million. The interim dividend was paid on 7 May 2020. Such dividend will be recorded in the second quarter of 2020.

**Dividend paid of the subsidiary**

On 9 April 2020, the Board of Directors meeting of the subsidiary passed a resolution to approve the payment of interim dividend from retained earnings from BOI promoted operation to the subsidiary's shareholders for 1,000 million shares of Baht 0.35 per share, or a total of Baht 350 million. The interim dividends were paid on 14 September 2019 of Baht 0.20 per share, amounting to Baht 200 million and there is remaining dividend of Baht 0.15 per share amounting to Baht 150 million. The subsidiary paid such dividend on 8 May 2020. Such dividend will be recorded in the second quarter of 2020.

**27. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised board of directors on 15 May 2020.