

Lanna Resources Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 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 30 September 2020, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same periods (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 1.5 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 and nine-month periods ended 30 September 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. My conclusion is not modified in respect of this matter.

Patcharawan Koonarangsri
Certified Public Accountant (Thailand) No. 6650

EY Office Limited
Bangkok: 12 November 2020

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2020	2019	2020	2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	1,076,093	477,625	574,958	124,555
Current investments	7	-	611,569	-	609,313
Trade and other receivables	3, 5	753,314	706,160	138,704	121,992
Inventories		579,105	729,349	117,851	140,274
Value added tax refundable		508,211	647,373	-	236
Prepaid income tax		252,391	280,716	-	-
Advance payments for goods	3, 6	85,182	667,834	73,179	210,280
Other current financial assets	7	302,382	-	301,013	-
Other current assets		114,015	152,488	2,926	2,295
Total current assets		3,670,693	4,273,114	1,208,631	1,208,945
Non-current assets					
Restricted bank deposits	4	151,629	105,742	-	-
Investments in subsidiaries	8	-	-	913,333	768,333
Investment in associated company	9	18,766	19,608	891	891
Advance payment for share subscription	10	241,154	241,154	241,154	241,154
Investment properties		51,407	32,423	29,864	32,423
Property, plant and equipment	11	4,270,300	4,206,022	330,869	336,866
Right-of-use assets		83,849	-	37,901	-
Biological asset		5,154	1,957	-	-
Goodwill	8	234,649	186,000	-	-
Intangible assets	12	139,711	156,990	137,989	154,975
Deferred tax assets		26,105	25,883	22,612	22,454
Other non-current financial assets		8,005	-	3,827	-
Other non-current assets	13	580,257	486,581	-	3,873
Total non-current assets		5,810,986	5,462,360	1,718,440	1,560,969
Total assets		9,481,679	9,735,474	2,927,071	2,769,914

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2020	2019	2020	2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	1,101,839	1,606,854	-	-
Short-term loans	15	17,429	-	-	-
Trade and other payables	3, 16	422,514	519,048	43,147	31,848
Current portion of long-term loans from financial institutions	17	187,551	166,114	-	-
Current portion of liabilities under finance lease agreements		-	3,008	-	-
Current portion of lease liabilities		29,568	-	9,517	-
Accrued expenses		297,439	283,151	11,996	15,402
Income tax payable		4,674	22,097	1,670	-
Other current financial liabilities		3,346	-	1,014	-
Other current liabilities		95,907	56,514	18,364	6,572
Total current liabilities		2,160,267	2,656,786	85,708	53,822
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	17	565,669	587,825	-	-
Liabilities under finance lease agreements - net of current portion		-	8,980	-	-
Lease liabilities - net of current portion		53,362	-	28,987	-
Provision for long-term employee benefits		261,679	252,810	48,015	45,653
Provision for mine reclamation and decommissioning costs		91,683	87,202	-	-
Deferred tax liabilities		200,547	161,227	-	-
Total non-current liabilities		1,172,940	1,098,044	77,002	45,653
Total liabilities		3,333,207	3,754,830	162,710	99,475

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid up				
524,999,679 ordinary shares of Baht 1 each	525,000	525,000	525,000	525,000
Share premium	680,400	680,400	680,400	680,400
Retained earnings				
Appropriated - Statutory reserve	52,500	52,500	52,500	52,500
Appropriated - General reserve	1,255,000	1,250,600	1,255,000	1,250,600
Unappropriated	1,972,801	1,909,835	251,461	161,939
Other components of shareholders' equity	8,441	(53,920)	-	-
Equity attributable to owners of the Company	4,494,142	4,364,415	2,764,361	2,670,439
Non-controlling interests of the subsidiaries	1,654,330	1,616,229	-	-
Total shareholders' equity	6,148,472	5,980,644	2,764,361	2,670,439
Total liabilities and shareholders' equity	9,481,679	9,735,474	2,927,071	2,769,914
	-	-	-	-

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

Directors

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Income statements****For the three-month period ended 30 September 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales	3	1,993,427	2,291,178	349,129	249,020
Commission and marketing service income	3	-	-	37,610	38,170
Other income					
Dividend income	3, 8, 9	-	-	50,539	135,448
Service income		-	-	11,119	7,961
Gain on exchange		-	1,004	6,624	632
Interest income		3,913	4,158	530	1,289
Others		18,788	52,458	6,327	9,078
Total other income		22,701	57,620	75,139	154,408
Total revenues		2,016,128	2,348,798	461,878	441,598
Expenses					
Cost of sales	3	1,552,201	1,575,878	282,325	211,729
Selling and distribution expenses		361,622	412,336	45,200	36,252
Administrative expenses		114,778	130,592	25,533	24,945
Loss on exchange		12,960	-	-	-
Total expenses		2,041,561	2,118,806	353,058	272,926
Profit (loss) from operating activities		(25,433)	229,992	108,820	168,672
Share of profit from investment in associated company	9	2,401	1,337	-	-
Finance cost		(14,213)	(9,143)	(517)	-
Profit (loss) before income tax		(37,245)	222,186	108,303	168,672
Income tax	18	24,670	(30,636)	(14,025)	(19,138)
Profit (loss) for the period		(12,575)	191,550	94,278	149,534
Profit (loss) attributable to:					
Equity holders of the Company		6,507	105,125	94,278	149,534
Non-controlling interests of the subsidiaries		(19,082)	86,425		
		(12,575)	191,550		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	19	0.01	0.20	0.18	0.28
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 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) for the period	<u>(12,575)</u>	<u>191,550</u>	<u>94,278</u>	<u>149,534</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>55,546</u>	<u>(11,136)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>55,546</u>	<u>(11,136)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>55,546</u>	<u>(11,136)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>42,971</u>	<u>180,414</u>	<u>94,278</u>	<u>149,534</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>41,214</u>	<u>98,180</u>	<u>94,278</u>	<u>149,534</u>
Non-controlling interests of the subsidiaries	<u>1,757</u>	<u>82,234</u>		
	<u>42,971</u>	<u>180,414</u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Income statements****For the nine-month period ended 30 September 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues					
Sales	3	6,958,408	7,334,375	1,081,561	750,705
Commission and marketing service income	3	-	-	125,297	122,074
Other income					
Dividend income	3, 8, 9	-	-	127,039	251,391
Service income		-	-	34,291	27,229
Gain on exchange		-	10,392	16,302	-
Interest income		10,353	12,508	2,698	4,463
Others		32,398	61,313	7,852	15,063
Total other income		<u>42,751</u>	<u>84,213</u>	<u>188,182</u>	<u>298,146</u>
Total revenues		<u>7,001,159</u>	<u>7,418,588</u>	<u>1,395,040</u>	<u>1,170,925</u>
Expenses					
Cost of sales	3	4,828,475	4,753,242	892,126	630,562
Selling and distribution expenses		1,315,625	1,413,021	132,796	109,419
Administrative expenses		356,650	339,713	82,569	91,285
Loss on exchange		12,789	-	-	14,856
Total expenses		<u>6,513,539</u>	<u>6,505,976</u>	<u>1,107,491</u>	<u>846,122</u>
Profit from operating activities		<u>487,620</u>	<u>912,612</u>	<u>287,549</u>	<u>324,803</u>
Share of profit from investment in associated company	9	6,025	5,370	-	-
Finance cost		(46,190)	(57,576)	(1,628)	-
Profit before income tax		<u>447,455</u>	<u>860,406</u>	<u>285,921</u>	<u>324,803</u>
Income tax	18	(120,861)	(154,044)	(34,499)	(31,411)
Profit for the period		<u>326,594</u>	<u>706,362</u>	<u>251,422</u>	<u>293,392</u>
Profit attributable to:					
Equity holders of the Company		224,866	378,153	<u>251,422</u>	<u>293,392</u>
Non-controlling interests of the subsidiaries		<u>101,728</u>	<u>328,209</u>		
		<u>326,594</u>	<u>706,362</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	19	<u>0.43</u>	<u>0.72</u>	<u>0.48</u>	<u>0.56</u>
Weighted average number of ordinary shares (Thousand shares)		<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>525,000</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 comprehensive income
For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period	<u>326,594</u>	<u>706,362</u>	<u>251,422</u>	<u>293,392</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>99,191</u>	<u>(123,586)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>99,191</u>	<u>(123,586)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>99,191</u>	<u>(123,586)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>425,785</u>	<u>582,776</u>	<u>251,422</u>	<u>293,392</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>287,227</u>	<u>300,368</u>	<u>251,422</u>	<u>293,392</u>
Non-controlling interests of the subsidiaries	<u>138,558</u>	<u>282,408</u>		
	<u>425,785</u>	<u>582,776</u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity
 For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
Other components of shareholders' equity														
	Note	Issued and paid up share capital	Share premium	Retained earnings			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
				Statutory reserve	General reserve	Unappropriated								
Balance as at 1 January 2019		525,000	680,400	52,500	1,044,500	2,018,747	(33,895)	75,949	556	42,610	4,363,757	1,552,088	5,915,845	
Profit for the period		-	-	-	-	378,153	-	-	-	-	378,153	328,209	706,362	
Other comprehensive income for the period		-	-	-	-	-	(77,785)	-	-	(77,785)	(77,785)	(45,801)	(123,586)	
Total comprehensive income for the period		-	-	-	-	378,153	(77,785)	-	-	(77,785)	300,368	282,408	582,776	
Dividend paid	20	-	-	-	-	(157,500)	-	-	-	-	(157,500)	-	(157,500)	
Unappropriated retained earnings transferred to general reserve	20	-	-	-	206,100	(206,100)	-	-	-	-	-	-	-	
Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	2,045	2,045	
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	-	(221,795)	(221,795)	
Balance as at 30 September 2019		525,000	680,400	52,500	1,250,600	2,033,300	(111,680)	75,949	556	(35,175)	4,506,625	1,614,746	6,121,371	
Balance as at 1 January 2020		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		-	-	-	-	224,866	-	-	-	-	224,866	101,728	326,594	
Other comprehensive income for the period		-	-	-	-	-	62,361	-	-	62,361	62,361	36,830	99,191	
Total comprehensive income for the period		-	-	-	-	224,866	62,361	-	-	62,361	287,227	138,558	425,785	
Dividend paid	20	-	-	-	-	(157,500)	-	-	-	-	(157,500)	-	(157,500)	
Unappropriated retained earnings transferred to general reserve	20	-	-	-	4,400	(4,400)	-	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	-	(100,457)	(100,457)	
Balance as at 30 September 2020		525,000	680,400	52,500	1,255,000	1,972,801	(68,064)	75,949	556	8,441	4,494,142	1,654,330	6,148,472	

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

		Separate financial statements				
		Retained earnings			Total	
		Appropriated		shareholders'		
		Statutory	General	Unappropriated	equity	
Note	Issued and paid up share capital	Share premium	reserve	reserve		
	525,000	680,400	52,500	1,044,500	363,673	2,666,073
	-	-	-	-	293,392	293,392
	-	-	-	-	-	-
	-	-	-	-	293,392	293,392
20	-	-	-	-	(157,500)	(157,500)
20	-	-	-	206,100	(206,100)	-
	525,000	680,400	52,500	1,250,600	293,465	2,801,965
	525,000	680,400	52,500	1,250,600	161,939	2,670,439
	-	-	-	-	251,422	251,422
	-	-	-	-	-	-
	-	-	-	-	251,422	251,422
20	-	-	-	-	(157,500)	(157,500)
20	-	-	-	4,400	(4,400)	-
	525,000	680,400	52,500	1,255,000	251,461	2,764,361

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Statements of cash flows****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	447,455	860,406	285,921	324,803
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	556,540	586,312	39,142	24,709
Reversal of reduction of inventories to net realisable value	-	(2,561)	-	-
Reversal of allowance for impairment of advance for purchase of goods	-	(205)	-	-
Gain on disposals and unrealised gain on change in value of investments in general fixed income funds	(617)	(5,175)	(589)	(5,118)
Share of profit from investment in associated company	(6,025)	(5,370)	-	-
Allowance for diminution in value added tax refundable	11,553	11,164	-	-
Write-off of value added tax refundable	2,628	3,210	-	-
Loss on write-off of equipment	21	9	-	-
Gain on disposals of equipment	(6,272)	(1,432)	(5,909)	(93)
Write-back of dividend payable	(25)	(51)	(25)	(51)
Dividend income	-	-	(127,039)	(251,391)
Provision for long-term employee benefits	27,832	28,855	2,362	9,183
Loss on write-off of deferred stripping costs	-	6,713	-	-
Provision for mine reclamation and decommissioning costs (reversal)	23,222	(1,544)	-	-
Unrealised loss (gain) on exchange	(7,426)	(11,055)	(1,020)	12,563
Interest income	(10,353)	(12,508)	(2,698)	(4,463)
Interest expenses	45,214	56,923	1,628	-
Profit from operating activities before changes in operating assets and liabilities	1,083,747	1,513,691	191,773	110,142
Operating assets (increase) decrease				
Trade and other receivables	(47,407)	177,661	(16,257)	56,101
Inventories	150,512	(248,388)	22,423	(28,618)
Value added tax refundable	163,950	208,978	236	(781)
Advance payments for goods	582,652	544,876	137,101	(119,429)
Other current financial assets	20	-	20	-
Other current assets	36,487	(83,255)	(663)	(1,210)
Operating liabilities increase (decrease)				
Trade and other payables	(87,553)	(114,439)	11,203	215
Accrued expenses	7,073	(108,733)	(3,406)	(5,505)
Other current financial liabilities	1,083	-	14	-
Other current liabilities	28,894	4,286	71	(9,916)
Cash paid for long-term employee benefits	(13,685)	(7,430)	-	(4,900)
Cash paid for mine reclamation	(18,645)	(9,169)	-	-
Cash from (used in) operating activities	1,887,128	1,878,078	342,515	(3,901)
Interest income	10,606	11,646	2,956	3,587
Cash paid for interest expenses	(40,798)	(29,812)	-	-
Refund of income tax	93,622	1,148	-	-
Cash paid for income tax	(154,563)	(302,039)	(20,241)	(26,888)
Net cash from (used in) operating activities	1,795,995	1,559,021	325,230	(27,202)

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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Decrease (increase) in debt instruments investments	309,816	(148,492)	308,901	(151,081)
Increase in restricted bank deposits	(31,222)	(8,413)	-	-
Dividend received from subsidiaries and associated company	6,867	11,418	127,039	251,391
Cash paid for investment in subsidiary	(74,483)	-	(145,000)	(3,795)
Proceed from disposals of equipment and investment properties	11,230	1,907	10,295	100
Acquisitions of plant and equipment	(238,610)	(493,928)	(9,011)	(27,849)
Acquisitions of biological asset	(3,197)	(1,287)	-	-
Acquisitions of computer software	(606)	(579)	(313)	(226)
Decrease (increase) in other non-current financial assets	(487)	-	46	-
Decrease (increase) in other non-current assets	(298,465)	(284,685)	-	87
Net cash from (used in) investing activities	(319,157)	(924,059)	291,957	68,627
Cash flows from financing activities				
Net decrease in short-term loans from financial institutions	(507,883)	(460,062)	-	-
Cash paid for liabilities under finance lease agreements	-	(1,939)	-	-
Cash paid for lease liabilities	(25,651)	-	(9,654)	-
Cash paid for liabilities under capital lease agreement	-	(101,483)	-	-
Cash received from long-term loan from financial institution	-	219,870	-	-
Repayment of long-term loan from financial institution	(87,829)	(30,000)	-	-
Dividend paid	(257,957)	(379,295)	(157,500)	(157,500)
Increase (decrease) in non-controlling interests of the subsidiaries	36,830	(43,756)	-	-
Net cash used in financing activities	(842,490)	(796,665)	(167,154)	(157,500)
Increase (decrease) in translation adjustments	(36,250)	24,518	-	-
Net increase (decrease) in cash and cash equivalents	598,098	(137,185)	450,033	(116,075)
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	370	10	370	10
Cash and cash equivalents at end of period (Note 4)	1,076,093	468,189	574,958	39,967

Supplemental cash flows information:

Non-cash transactions from investing activities				
Right-of-use assets acquired during the period	18,397	-	3,391	-
Payables from purchases of plant and equipment and intangible assets	7,601	24,637	2,960	8,546
Transfer equipment to other non-current assets	53,891	-	-	-
Transfer equipment to intangible assets	111	-	111	-
Transfer right-of-use assets to equipment	572	-	-	-

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

Lanna Resources Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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 Coronavirus disease 2019 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, income, 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

a) 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:

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

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

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-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses. The relief measure may affect the carrying value of trade and other receivables.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets. The relief measure may affect the carrying value of property, plant and equipment.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment. The relief measure may affect the carrying value of goodwill.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current investments	611,569	(611,569)	-	-
Other current financial assets	-	611,601	-	611,601
Other current assets	152,488	(32)	(500)	151,956
Non-current assets				
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
Liabilities and shareholders' equity				
Current liabilities				
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
Non-current liabilities				
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
Statement of financial position				
Assets				
Current assets				
Current investments	609,313	(609,313)	-	-
Other current financial assets	-	609,345	-	609,345
Other current assets	2,295	(32)	-	2,263
Non-current assets				
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)	-	-
Liabilities and shareholders' equity				
Current liabilities				
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
Non-current liabilities				
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			
Financial assets as at 1 January 2020						
Cash and cash equivalents	477,625	-	-	477,625	477,625	
Trade and other receivables	706,160	-	-	706,160	706,160	
Other current financial assets	611,601	402,336	-	209,265	611,601	
Restricted bank deposits	105,742	-	-	105,742	105,742	
Other non-current financial assets	5,759	-	-	5,759	5,759	
Total financial assets	1,906,887	402,336	-	1,504,551	1,906,887	

(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			
Financial assets as at 1 January 2020						
Cash and cash equivalents	124,555	-	-	124,555	124,555	
Trade and other receivables	121,992	-	-	121,992	121,992	
Other current financial assets	609,345	400,080	-	209,265	609,345	
Other non-current financial assets	3,873	-	-	3,873	3,873	
Total financial assets	859,765	400,080	-	459,685	859,765	

- As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 0.05 million.

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
Total right-of-use assets	85,278	43,139

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 30 September			
	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)				
Dividend income	-	-	43,672	135,448
Commission and marketing service income	-	-	37,610	38,170
Service income	-	-	11,119	7,961
Purchase of coal	-	-	86,084	55,786
<u>Transactions with major shareholder</u>				
Sales of coal	294,733	-	294,733	-
<u>Transactions with associated company</u>				
Dividend income	-	-	6,867	-
Freight charge	53,951	40,623	53,951	40,623
<u>Transactions with related company</u>				
Sales of coal	-	181,901	-	181,901

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		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)				
Dividend income	-	-	120,172	239,973
Commission and marketing service income	-	-	125,297	122,074
Service income	-	-	34,291	27,229
Purchase of coal	-	-	313,166	229,553
<u>Transactions with major shareholder</u>				
Sales of coal	902,853	-	902,853	-
<u>Transactions with associated company</u>				
Dividend income	-	-	6,867	11,418
Freight charge	193,152	137,104	193,152	137,104
<u>Transactions with related company</u>				
Sales of coal	326	525,033	326	525,033

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

(Unaudited but reviewed)

As at 30 September 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	
30 September	31 December	30 September	31 December	
2020	2019	2020	2019	
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Major shareholder	42,196	-	42,196	-
Subsidiaries	-	-	69,653	25,256
Related company (related by common shareholder and/or common directors)	-	63,170	-	63,170
Total trade and other receivables - related parties	<u>42,196</u>	<u>63,170</u>	<u>111,849</u>	<u>88,426</u>
<u>Advance payments for goods - related parties</u>				
(Note 6)				
Subsidiaries	-	-	73,179	149,884
Associated company	-	11,042	-	11,042
Total advance payments for goods - related parties	<u>-</u>	<u>11,042</u>	<u>73,179</u>	<u>160,926</u>
<u>Trade and other payables - related party</u>				
(Note 16)				
Associated company	2,004	-	2,004	-
Total trade and other payables - related party	<u>2,004</u>	<u>-</u>	<u>2,004</u>	<u>-</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 30 September			
	Consolidated		Separate	
financial statements		financial statements		
2020	2019	2020	2019	
Short-term employee benefits	29,927	28,966	7,343	6,410
Post-employment benefits	3,992	2,712	204	331
Total	<u>33,919</u>	<u>31,678</u>	<u>7,547</u>	<u>6,741</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	104,866	100,938	26,463	25,189
Post-employment benefits	12,047	11,815	611	3,079
Total	<u>116,913</u>	<u>112,753</u>	<u>27,074</u>	<u>28,268</u>

4. Cash and cash equivalents/Restricted bank deposits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Cash	176	166	40	40
Bank deposits	1,227,546	583,201	574,918	124,515
Total	<u>1,227,722</u>	<u>583,367</u>	<u>574,958</u>	<u>124,555</u>
Less: Restricted bank deposits	<u>(151,629)</u>	<u>(105,742)</u>	<u>-</u>	<u>-</u>
Total	<u>1,076,093</u>	<u>477,625</u>	<u>574,958</u>	<u>124,555</u>

As at 30 September 2020, bank deposits in savings accounts and fixed deposits carried interests between 0.01 and 6.50 percent per annum (31 December 2019: between 0.10 and 6.50 percent per annum).

As at 30 September 2020, the overseas subsidiaries have restricted bank deposits of USD 4.5 million or approximately Baht 142.2 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.

As at 30 September 2020, the local subsidiary has pledged the bank deposits of Baht 9.4 million as collateral for credit facility of long-term loan granted by a commercial bank as discussed in Note 17.

5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	42,196	63,170	55,632	70,121
Past due				
Up to 3 months	-	-	32,180	10,795
Total trade receivables - related parties	42,196	63,170	87,812	80,916
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	685,988	609,462	26,012	32,110
Past due				
Up to 3 months	-	17,556	-	-
Total trade receivables - unrelated parties	685,988	627,018	26,012	32,110
Total trade receivables	728,184	690,188	113,824	113,026
<u>Other receivables</u>				
Other receivables - related parties	-	-	24,037	7,510
Other receivables - unrelated parties	24,577	14,662	351	702
Advances	1	505	1	5
Interest receivables	552	805	491	749
Total other receivables	25,130	15,972	24,880	8,966
Total trade and other receivables	753,314	706,160	138,704	121,992

An overseas subsidiary has pledged its trade receivables to secure credit facilities from the financial institutions. As at 30 September 2020, the balance of trade receivables totaling Rupiah 90,000 million or approximately Baht 182.2 million (31 December 2019: Rupiah 90,000 million or approximately Baht 185.4 million) were placed to secure such credit facilities.

6. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Advance payments for goods - related parties	-	11,042	73,179	160,926
Advance payments for goods - unrelated parties	91,846	663,456	-	49,354
Total	91,846	674,498	73,179	210,280
Less: Allowance for impairment	(6,664)	(6,664)	-	-
Total advance payments for goods	85,182	667,834	73,179	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 30 September 2020, the subsidiary had outstanding advance payments for purchase of molasses amounting to Baht 80.0 million (31 December 2019: Baht 602.6 million).

7. Current investments/Other current financial assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Investments in General Fixed Income funds	2,370	402,336	1,001	400,080
Investments in debentures	-	149,233	-	149,233
Fixed deposits	300,000	-	300,000	-
Bills of exchange	-	60,000	-	60,000
Others	12	-	12	-
Total	302,382	611,569	301,013	609,313

As at 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 investments 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)). During the current period, the Group received the payout from TMBAM Eastspring amount to Baht 238.7 million (the Company only: Baht 199.0 million).

8. Investments in subsidiaries

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

Company	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividends received for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)				
Local subsidiaries								
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	104,550	178,500
Overseas subsidiaries								
PT. Lanna Power Indonesia (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	15,622	-
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	-	61,473
Total					<u>913,333</u>	<u>768,333</u>	<u>120,172</u>	<u>239,973</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 5.0 each) to Baht 300 million (60 million shares of Baht 5.0 each), by issuing ordinary shares of Baht 290 million (58 million shares of Baht 5.0 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>(6,517)</u>
Net cash paid for acquisition of investment in subsidiary	<u><u>74,483</u></u>

(Unaudited but reviewed)

The consolidated income statement for the nine-month period ended 30 September 2020 included revenue and profit of SRT Power Pellet Company Limited as from the acquisition date as follows:

	(Unit: Million Baht)
Revenue	12.8
Loss	(19.3)

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 nine-month period ended 30 September 2020 as follows:

	(Unit: Million Baht)
Revenue	12.8
Loss	(23.7)

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 30 September 2020 are summarised below.

(Unaudited but reviewed)

SRT Power Pellet Company Limited

(Unit: Thousand Baht)

Cash and cash equivalents	6,517
Inventories	268
Value added tax refundable	9,359
Other current assets	438
Restricted bank deposits	9,392
Investment properties	22,866
Property, plant and equipment	91,566
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	32,351
Goodwill	48,649
Cost of acquisitions of investments in subsidiaries	81,000

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 30 September 2020.

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

Movements in the goodwill account during the nine-month period ended 30 September 2020 are summarised below.

(Unit: Thousand Baht)

Book value as at 1 January 2020	186,000
Add: Increase from business combination	48,649
Book value as at 30 September 2020	234,649

(Unaudited but reviewed)

9. Investment in associated company

(Unit: Thousand Baht)

Company	Nature of business	Relationship	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements		Dividends received for the nine-month periods ended	
			30 September	31 December	30 September	31 December	Carrying amounts based on equity method		Cost		30 September	30 September
			2020	2019	2020	2019	2020	2019	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	18,766	19,608	891	891	6,867	11,418
Total							18,766	19,608	891	891	6,867	11,418

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and nine-month periods ended 30 September 2020 of approximately Baht 2.4 million and Baht 6.0 million, respectively (2019: Baht 1.3 million and Baht 5.4 million, respectively) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

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

10. Advance payment for share subscription

On 8 March 2018, the Company entered into Conditional Share Subscription Agreement for subscription of new issued 269,674,581 ordinary shares of PT. Pesona Khatulistiwa Nusantara (“PKN”) which incorporated in mining business in Indonesia amounting to USD 8.8 million with proportion of 40 percent of total registered shares after the increase in share capital of PKN. As at 30 September 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. Later, due to the COVID-19 situation which PKN could not complete the certain conditions, on 30 September 2020, the Company entered into an agreement with PKN to extend the share subscription to 31 December 2020.

11. Property, plant and equipment

Movements in the property, plant and equipment account for the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Net book value as at 1 January 2020	4,193,081	336,866
Increase from business combinations	91,566	-
Acquisitions during the period - cost	224,226	9,048
Transfer in during the period	572	-
Disposal during the period - net book value on disposal date	(2,420)	(1,827)
Transfer out during the period	(54,002)	(111)
Depreciation for the period	(234,929)	(13,107)
Translation adjustments	52,206	-
Net book value as at 30 September 2020	<u>4,270,300</u>	<u>330,869</u>

As at 30 September 2020, the local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 380.2 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 5.8 million were capitalised during the nine-month period ended 30 September 2020 (31 December 2019: Baht 11.4 million). The weighted average rate of 2.3 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 the overseas subsidiary's 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 nine-month period ended 30 September 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 30 September 2020 amounting to approximately Baht 1,520 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 30 September 2020 amounting to approximately USD 23.5 million or equivalent to Baht 744.6 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 nine-month period ended 30 September 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	678	-	678
Transfer in during the period	111	-	111
Amortisation for period	(1,357)	(16,711)	(18,068)
Net book value as at 30 September 2020	<u>3,080</u>	<u>136,631</u>	<u>139,711</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	309	-	309
Transfer in during the period	111	-	111
Amortisation for period	(695)	(16,711)	(17,406)
Net book value as at 30 September 2020	1,358	136,631	137,989

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) Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Deferred expenses - Indonesia coal mine project	204,572	155,872	-	-
Deferred stripping costs	374,360	323,689	-	-
Others	1,325	7,020	-	3,873
Total other non-current assets	580,257	486,581	-	3,873
Amortisation expenses for the period/year	276,901	414,756	-	-

(Unaudited but reviewed)

14. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Promissory notes	2.59 - 2.75	2.75 - 2.95	484,404	943,222
Trust receipts	2.63 - 2.68	2.53 - 2.73	478,271	448,072
Bill of purchasing line	2.50	0.06 - 3.03	139,164	215,560
Total			<u>1,101,839</u>	<u>1,606,854</u>

Movements in short-term loans from financial institutions during the nine-month period ended 30 September 2020 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2020	1,606,854
Add: Increase during the period	3,803,875
Less: Repayment during the period	(4,311,758)
Translation adjustments	<u>2,868</u>
Balance as at 30 September 2020	<u>1,101,839</u>

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

As at 30 September 2020, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 23.6 million or equivalent to Baht 747.3 million and Baht 1,097.3 million totaling of Baht 1,844.6 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 30 September 2020, the local subsidiary had short-term loans from individuals and unrelated company in form of promissory note of Baht 17.4 million and accrued interest expenses of Baht 4.0 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	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Trade payables - related party	2,004	-	2,004	-
Trade payables - unrelated parties	347,022	433,858	37,320	27,193
Other payables - unrelated parties	73,444	85,190	3,779	4,655
Derivative liabilities	44	-	44	-
Total trade and other payables	422,514	519,048	43,147	31,848

17. Long-term loans from financial institutions

(Unit: Thousand Baht)

No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	Consolidated	
				30 September 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.	322,478	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.	209,762	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.	141,739	149,824

(Unaudited but reviewed)

				(Unit: Thousand Baht) Consolidated financial statements	
No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	30 September 2020	31 December 2019
4	80.0	MLR-1.25	The loan is repayable within 5 years 7 months and is repayable the first installment on the last day of January 2021. 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 (4 March 2020).	79,241	-
Total				753,220	753,939
Less: Current portion				(187,551)	(166,114)
Long-term loans, net of current portion				565,669	587,825

Movements in the long-term loans account during the nine-month period ended 30 September 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	489
Repayment during the period	(87,829)
Translation adjustments	7,473
Balance as at 30 September 2020	753,220

The credit facilities of subsidiaries are secured by the pledge of bank deposits and the mortgage of part of the land and construction thereon, machinery and equipment, and part of the investment properties.

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.

(Unaudited but reviewed)

The loan agreements contain several covenants which, among other things, require the subsidiaries to maintain certain financial ratios according to the agreements such as debt to equity and debt service coverage ratios at the rate prescribed in the agreements. As at 30 September 2020, the subsidiaries could maintain certain financial ratios as specified in the long-term loan agreements.

As at 30 September 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 63.3 million and Baht 11.2 million, totaling of Baht 74.5 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 (loss) before income tax for the period, using the estimated effective tax rate for the year.

Income tax for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	(34,741)	18,247	10,745	5,241
Adjustment in respect of income tax of previous year	(4)	-	-	-
Withholding tax deducted at source recognised as expenses during the period	3,124	14,071	3,124	14,071
Deferred tax:				
Relating to origination and reversal of temporary differences	6,951	(1,682)	156	(174)
Income tax reported in the income statements	<u>(24,670)</u>	<u>30,636</u>	<u>14,025</u>	<u>19,138</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	66,137	133,032	31,351	13,852
Adjustment in respect of income tax of previous year	16,144	(281)	182	(281)
Withholding tax deducted at source recognised as expenses during the period	3,124	19,676	3,124	19,676
Deferred tax:				
Relating to origination and reversal of temporary differences	35,456	1,617	(158)	(1,836)
Income tax reported in the income statements	<u>120,861</u>	<u>154,044</u>	<u>34,499</u>	<u>31,411</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. Dividend paid

Dividends paid by the Group during the nine-month periods ended 30 September 2020 and 2019 are as follows:

The Company

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2020</u>				
Interim dividends	Board of Directors' meeting on 8 April 2020	157,500	0.300	7 May 2020
Total		<u>157,500</u>	<u>0.300</u>	
<u>2019</u>				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.300	15 May 2019
Total		<u>157,500</u>	<u>0.300</u>	

(Unaudited but reviewed)

In addition, the Board of Directors' Meeting approved to set aside a general reserve of Baht 4.4 million (2019: Baht 206.1 million).

Local subsidiary

Thai Agro Energy Public Co., Ltd.

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2020</u>				
The interim dividend in respect of operation income from BOI promoted operation for the period from July to December 2019	Board of Directors' meeting on 9 April 2020	150,000	0.150	8 May 2020
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2020	Board of Directors' meeting on 20 August 2020	55,000	0.055	18 September 2020
Total		<u>205,000</u>	<u>0.205</u>	
<u>2019</u>				
The dividend in respect of operation income from BOI promoted operation for the period from July to December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000	0.150	24 May 2019
The interim dividend in respect of operation income from BOI promoted operation for the period from January to June 2019	Board of Directors' meeting on 15 August 2019	199,999	0.200	13 September 2019
Total		<u>349,999</u>	<u>0.350</u>	

Overseas subsidiaries**PT. Lanna Harita Indonesia**

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<u>2019</u>				
The 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
Total		<u>3,600</u>	<u>450</u>	

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

PT. Lanna Power Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<u>2020</u>				
The dividend for 2019	Annual General Meeting of shareholders on 15 July 2020	504	24	16 September 2020
Total		<u>504</u>	<u>24</u>	

During the nine-month period ended 30 September 2020, the Company recorded dividend income at 99.95 percent for a total of USD 0.5 million or equivalent to Baht 15.6 million. The Company had been withheld the withholding tax deducted at source of Baht 3.1 million.

21. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and 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 added a reportable segment, which is Wood pellet.

The following tables present revenue and profit information regarding of the Group's operating segments for the three-month and nine-month periods ended 30 September 2020 and 2019.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 September

	Domestic coal business		Overseas coal business		Ethanol business		Woods pellet 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>	<u>2020</u>	<u>2019</u>
Revenues												
Revenues from external customers	350	249	986	1,421	657	621	-	-	-	-	1,993	2,291
Inter-segment revenues	54	50	86	56	-	-	8	-	(148)	(106)	-	-
Total revenue	404	299	1,072	1,477	657	621	8	-	(148)	(106)	1,993	2,291
Operating results												
Segment gross profit (loss)	121	88	330	527	37	146	(2)	-	(45)	(46)	441	715
Other income											23	57
Share of profit from investment in associated company											2	1
Gain (loss) on exchange											(13)	1
Selling and distribution expenses											(362)	(412)
Administrative expenses											(115)	(131)
Finance cost											(14)	(9)
Profit (loss) before income tax											(38)	222
Income tax											25	(31)
Profit (loss) for the period											(13)	191

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Domestic coal business		Overseas coal business		Ethanol business		Woods pellet business		Elimination of inter-segment transactions		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues												
Revenues from external customers	1,082	751	3,972	4,588	1,904	1,995	-	-	-	-	6,958	7,334
Inter-segment revenues	176	162	313	230	-	-	13	-	(502)	(392)	-	-
Total revenue	1,258	913	4,285	4,818	1,904	1,995	13	-	(502)	(392)	6,958	7,334
Operating results												
Segment gross profit (loss)	366	283	1,721	1,919	209	541	(4)	-	(162)	(162)	2,130	2,581
Other income											43	74
Share of profit from investment in associated company											6	5
Gain (loss) on exchange											(13)	10
Selling and distribution expenses											(1,316)	(1,413)
Administrative expenses											(357)	(340)
Finance cost											(46)	(57)
Profit before income tax											447	860
Income tax											(120)	(154)
Profit for the period											327	706

22. Significant contracts and agreements

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

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

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

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

22.4 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.

23 Commitments and contingent liabilities

23.1 Capital commitments

As at 30 September 2020, the Group had capital commitments of Baht 22.3 million, relating to the assessment of environmental impact on the construction of the Company’s jetty, the construction of the subsidiary’s Vinasse Evaporation Plant and other construction projects. (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.)

23.2 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	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
In up to 1 year	4.1	4.6	0.6	0.9
In over 1 year and up to 5 years	-	0.3	-	0.2

- b) The Group had commitments under service agreements regarding the legal consulting, the consulting for financing and management of Baht 11.3 million (The Company Only: Baht 11.2 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.

23.3 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.

23.4 Guarantees

As at 30 September 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.

24. 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.

25. 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 30 September 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	3.5	-	31.4900	31.8258

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

As at 30 September 2020 and 31 December 2019, foreign exchange contracts outstanding are summarised below.

As at 30 September 2020			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	31.88	December 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

26. Fair value hierarchy

As at 30 September 2020, the Group had the financial assets (liabilities) 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	2,370	2,370	1,001	1,001
Derivatives - Foreign exchange				
contracts	(44)	(44)	(44)	(44)

27. Event after the reporting period

Dividend payment of the Company

On 19 October 2020, the Board of the Company's directors passed a resolution approving the payment of the interim dividend in respect of the operation for the period from January to June 2020 of Baht 0.15 per share or a total of Baht 78.75 million. The interim dividend will be paid on 18 November 2020.

28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 12 November 2020.