

Lanna Resources Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2020

## **Independent Auditor's Report**

To the Shareholders of Lanna Resources Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

#### *Revenue recognition*

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

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

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

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

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

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

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

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

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

I audited the coal reserve estimates by assessing the competency and capability of the management and the expert used by the management to estimate the subsidiary companies' coal reserves as of 31 December 2020. In addition, I tested the significant assumptions used by the management and the expert in the estimation, especially the assumptions relating to coal prices, production levels and discount rate determination. I also reviewed the disclosure of the accounting policy relating to the estimation of coal reserves in the notes to the financial statements.

### *Goodwill*

As at 31 December 2020, the Company recorded goodwill amounting to Baht 235 million, as disclosed in Note 20 to the financial statements. The assessment of goodwill impairment is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from the group of assets in the future, and setting an appropriate discount rate and long-term growth rate. This will affect the appropriateness of the amount of goodwill.

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

### *Business combination*

As described in Note 13 to the financial statements, the Group invested in SRT Power Pellet Co., Ltd., which is engaged in the manufacture and sale of wood pellet. As at 31 December 2020 the Group provisionally recorded the acquisitions using a best estimate for the assets acquired and liabilities assumed. The Group will complete the recording of this acquisition in 2021, and the amount recorded as at 31 December 2020 may be changed. I focused on the business acquisition since it was material to the financial statements as a whole, and management needed to exercise substantial judgement to determine the assumptions used as a basis for provisional recognition of the acquisition, which affected to the recognition of the assets acquired and liabilities assumed.

I reviewed the terms and conditions of the agreements and inquired with management as to the nature and objectives of the acquisitions in order to determine whether the acquisition met the definition of a business combination under Thai Financial Reporting Standard 3 (Revised 2019) Business Combinations. In addition, I checked the value of the acquisition to the supporting documents and related payments to ensure that the value corresponded to the fair value of the consideration transferred and did not include costs of the acquisition. I considered and evaluated the method and assumptions the management used in determining the provisionally recognised value of the acquisition. I also reviewed the recording of the initial difference on the acquisition and the disclosures related to the business combination in the notes to financial statements.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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



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

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

Patcharawan Koonarangsri  
Certified Public Accountant (Thailand) No. 6650

EY Office Limited  
Bangkok: 1 March 2021

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

**Statements of financial position**

**As at 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	832,696,118	477,624,516	277,703,813	124,554,965
Current investments	12	-	611,568,747	-	609,312,642
Trade and other receivables	7, 9	935,830,636	706,160,104	185,858,998	121,991,706
Inventories	10	302,320,531	729,349,115	108,970,147	140,273,876
Value added tax refundable		533,846,333	647,373,180	-	236,371
Prepaid income tax		222,935,258	280,716,195	-	-
Advance payments for goods	7, 11	257,383,405	667,833,828	127,859,017	210,280,276
Other current financial assets	12	551,087,018	-	550,012,663	-
Other current assets		86,389,642	152,487,970	3,019,428	2,295,670
<b>Total current assets</b>		<b>3,722,488,941</b>	<b>4,273,113,655</b>	<b>1,253,424,066</b>	<b>1,208,945,506</b>
<b>Non-current assets</b>					
Restricted bank deposits	8	151,423,164	105,741,923	-	-
Investments in subsidiaries	13	-	-	905,135,653	768,332,710
Investment in associated company	14	20,786,433	19,607,780	890,679	890,679
Advance payment for share subscription	15	160,769,616	241,154,424	160,769,616	241,154,424
Investment properties	16	56,089,732	32,422,689	29,864,051	32,422,689
Biological asset	17	6,458,681	1,957,439	-	-
Property, plant and equipment	18	4,152,705,761	4,206,022,455	328,835,436	336,866,168
Right-of-use assets	19	85,281,914	-	36,104,474	-
Goodwill	20	234,768,720	185,999,788	-	-
Intangible assets	21	131,092,439	156,990,300	129,493,448	154,975,249
Deferred tax assets	34	52,948,266	25,883,422	24,408,834	22,453,507
Other non-current financial assets		7,539,160	-	3,827,420	-
Other non-current assets	22	474,809,416	486,581,250	-	3,873,020
<b>Total non-current assets</b>		<b>5,534,673,302</b>	<b>5,462,361,470</b>	<b>1,619,329,611</b>	<b>1,560,968,446</b>
<b>Total assets</b>		<b>9,257,162,243</b>	<b>9,735,475,125</b>	<b>2,872,753,677</b>	<b>2,769,913,952</b>

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

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

**Statements of financial position (continued)**

**As at 31 December 2020**

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	23	977,305,656	1,606,854,389	-	-
Short-term loans	24	17,429,284	-	-	-
Trade and other payables	25	481,144,362	519,047,870	33,292,947	31,848,123
Current portion of liabilities under finance lease agreements	19	-	3,008,443	-	-
Current portion of lease liabilities	19	24,269,716	-	8,749,617	-
Current portion of long-term loans from financial institution	26	190,133,717	166,114,467	-	-
Accrued expenses		309,669,938	283,151,130	12,888,908	15,402,306
Income tax payable		31,616,010	22,097,146	829,765	-
Other current financial liabilities		19,022,044	-	994,057	-
Other current liabilities		<u>86,400,223</u>	<u>56,514,189</u>	<u>13,012,891</u>	<u>6,572,144</u>
<b>Total current liabilities</b>		<u>2,136,990,950</u>	<u>2,656,787,634</u>	<u>69,768,185</u>	<u>53,822,573</u>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements - net of current portion	19	-	8,979,997	-	-
Lease liabilities - net of current portion	19	60,865,221	-	28,111,001	-
Long-term loans from financial institution - net of current portion	26	476,478,157	587,824,890	-	-
Provision for long-term employee benefits	27	268,140,778	252,810,330	48,802,269	45,652,619
Provision for mine reclamation and decommissioning costs	28	96,731,232	87,201,715	-	-
Deferred tax liabilities	34	<u>187,651,452</u>	<u>161,226,815</u>	<u>-</u>	<u>-</u>
<b>Total non-current liabilities</b>		<u>1,089,866,840</u>	<u>1,098,043,747</u>	<u>76,913,270</u>	<u>45,652,619</u>
<b>Total liabilities</b>		<u>3,226,857,790</u>	<u>3,754,831,381</u>	<u>146,681,455</u>	<u>99,475,192</u>

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

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

**Statements of financial position (continued)**

**As at 31 December 2020**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered, issued and fully paid up					
524,999,679 ordinary shares of Baht 1 each		524,999,679	524,999,679	524,999,679	524,999,679
Share premium		680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings					
Appropriated - Statutory reserve	29	52,500,000	52,500,000	52,500,000	52,500,000
Appropriated - General reserve		1,255,000,000	1,250,600,000	1,255,000,000	1,250,600,000
Unappropriated		1,957,349,717	1,909,834,942	213,172,543	161,939,081
Other components of shareholders' equity		<u>(65,003,318)</u>	<u>(53,919,919)</u>	<u>-</u>	<u>-</u>
<b>Equity attributable to owners of the Company</b>		<u>4,405,246,078</u>	<u>4,364,414,702</u>	<u>2,726,072,222</u>	<u>2,670,438,760</u>
Non-controlling interests of the subsidiaries		<u>1,625,058,375</u>	<u>1,616,229,042</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>6,030,304,453</u>	<u>5,980,643,744</u>	<u>2,726,072,222</u>	<u>2,670,438,760</u>
<b>Total liabilities and shareholders' equity</b>		<u>9,257,162,243</u>	<u>9,735,475,125</u>	<u>2,872,753,677</u>	<u>2,769,913,952</u>
		-	-	-	-

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

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 Directors  
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Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Revenues</b>					
Sales	7	9,511,865,870	9,253,814,004	1,365,941,481	986,964,564
Commission and marketing service income	7	-	-	184,638,318	152,136,232
Other income					
Dividend income	7, 13, 14	-	-	127,038,572	284,374,903
Service income	7	-	-	50,635,673	32,207,367
Gain on exchange		-	17,563,573	13,087,446	-
Others		57,271,409	69,282,926	8,950,867	17,726,276
Total other income		57,271,409	86,846,499	199,712,558	334,308,546
<b>Total revenues</b>		<b>9,569,137,279</b>	<b>9,340,660,503</b>	<b>1,750,292,357</b>	<b>1,473,409,342</b>
<b>Expenses</b>					
Cost of sales	7	6,640,424,117	6,088,306,187	1,129,532,849	832,744,922
Selling and distribution expenses		1,845,316,496	1,766,678,018	170,434,638	146,703,548
Administrative expenses		455,005,928	455,213,625	115,458,730	116,308,450
Loss on exchange		3,732,341	-	-	17,709,027
<b>Total expenses</b>	33	<b>8,944,478,882</b>	<b>8,310,197,830</b>	<b>1,415,426,217</b>	<b>1,113,465,947</b>
<b>Operating profit</b>		<b>624,658,397</b>	<b>1,030,462,673</b>	<b>334,866,140</b>	<b>359,943,395</b>
Share of profit from investment in associated company	14	8,045,375	7,147,071	-	-
Finance income	31	13,871,162	16,454,936	3,774,314	5,748,706
Finance cost	32	(58,399,707)	(69,939,186)	(2,153,406)	-
<b>Profit before income tax</b>		<b>588,175,227</b>	<b>984,125,494</b>	<b>336,487,048</b>	<b>365,692,101</b>
Income tax	34	(176,610,979)	(192,973,474)	(44,603,730)	(41,788,425)
<b>Profit for the year</b>		<b>411,564,248</b>	<b>791,152,020</b>	<b>291,883,318</b>	<b>323,903,676</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		292,623,747	420,583,942	291,883,318	323,903,676
Non-controlling interests of the subsidiaries		118,940,501	370,568,078		
		<u>411,564,248</u>	<u>791,152,020</u>		
<b>Basic earnings per share</b>					
	36				
Profit attributable to equity holders of the Company		0.56	0.80	0.56	0.62
Weighted average number of ordinary shares (shares)		524,999,679	524,999,679	524,999,679	524,999,679

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

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

**Statements of comprehensive income**

**For the year ended 31 December 2020**

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Profit for the year</b>		<u>411,564,248</u>	<u>791,152,020</u>	<u>291,883,318</u>	<u>323,903,676</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to income statement in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		<u>(18,387,306)</u>	<u>(153,481,890)</u>	<u>-</u>	<u>-</u>
Net other comprehensive income to be reclassified to income statement in subsequent periods		<u>(18,387,306)</u>	<u>(153,481,890)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods</i>					
Actuarial loss	27	(9,219,802)	(15,092,481)	-	(5,672,855)
Less: Income tax effect	34	<u>2,410,266</u>	<u>3,958,644</u>	<u>-</u>	<u>1,134,571</u>
Net other comprehensive income not to be reclassified to income statement in subsequent periods - net of income tax		<u>(6,809,536)</u>	<u>(11,133,837)</u>	<u>-</u>	<u>(4,538,284)</u>
<b>Other comprehensive income for the year</b>		<u>(25,196,842)</u>	<u>(164,615,727)</u>	<u>-</u>	<u>(4,538,284)</u>
<b>Total comprehensive income for the year</b>		<u>386,367,406</u>	<u>626,536,293</u>	<u>291,883,318</u>	<u>319,365,392</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		277,081,232	315,657,890	<u>291,883,318</u>	<u>319,365,392</u>
Non-controlling interests of the subsidiaries		<u>109,286,174</u>	<u>310,878,403</u>		
		<u>386,367,406</u>	<u>626,536,293</u>		

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

<b>Consolidated financial statements</b>															
Equity attributable to owners of the Company															
					Other component of equity										
					Other comprehensive income			Exchange differences on							
					Retained earnings			translation of		Surplus on change	Capital reserve	Total other	Total equity	Equity attributable	
					Appropriated			financial		in the percentage	for share-based	component of	attributable to	to non-controlling	Total
					Statutory		General	statements in		of shareholding	payment	shareholders'	owners of	interests of	shareholders'
Note	share capital	Share premium	reserve	reserve	Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity			
<b>Balance as at 1 January 2019</b>	524,999,679	680,400,000	52,500,000	1,044,500,000	2,018,746,800	(33,894,987)	75,948,676	556,451	42,610,140	4,363,756,619	1,552,088,236	5,915,844,855			
Profit for the year	-	-	-	-	420,583,942	-	-	-	-	420,583,942	370,568,078	791,152,020			
Other comprehensive income for the year	-	-	-	-	(8,395,993)	(96,530,059)	-	-	(96,530,059)	(104,926,052)	(59,689,675)	(164,615,727)			
Total comprehensive income for the year	-	-	-	-	412,187,949	(96,530,059)	-	-	(96,530,059)	315,657,890	310,878,403	626,536,293			
Dividend paid	37	-	-	-	(314,999,807)	-	-	-	-	(314,999,807)	-	(314,999,807)			
Unappropriated retained earnings transferred to general reserve	37	-	-	206,100,000	(206,100,000)	-	-	-	-	-	-	-			
Increase in non-controlling interests of the subsidiaries from the increase of capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,044,969	2,044,969			
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries	-	-	-	-	-	-	-	-	-	-	(248,782,566)	(248,782,566)			
<b>Balance as at 31 December 2019</b>	<b>524,999,679</b>	<b>680,400,000</b>	<b>52,500,000</b>	<b>1,250,600,000</b>	<b>1,909,834,942</b>	<b>(130,425,046)</b>	<b>75,948,676</b>	<b>556,451</b>	<b>(53,919,919)</b>	<b>4,364,414,702</b>	<b>1,616,229,042</b>	<b>5,980,643,744</b>			

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
						Other component of equity						
	Issued and paid up	Share premium	Retained earnings		Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency	Surplus on change in the percentage of shareholding in subsidiary	Capital reserve for share-based payment transactions	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries
Statutory reserve			General reserve									
Note	share capital	Share premium	reserve	reserve	Unappropriated	foreign currency	in subsidiary	transactions	equity	the Company	the subsidiaries	equity
<b>Balance as at 1 January 2020</b>	524,999,679	680,400,000	52,500,000	1,250,600,000	1,909,834,942	(130,425,046)	75,948,676	556,451	(53,919,919)	4,364,414,702	1,616,229,042	5,980,643,744
Profit for the year	-	-	-	-	292,623,747	-	-	-	-	292,623,747	118,940,501	411,564,248
Other comprehensive income for the year	-	-	-	-	(4,459,116)	(11,083,399)	-	-	(11,083,399)	(15,542,515)	(9,654,327)	(25,196,842)
Total comprehensive income for the year	-	-	-	-	288,164,631	(11,083,399)	-	-	(11,083,399)	277,081,232	109,286,174	386,367,406
Dividend paid	37	-	-	-	(236,249,856)	-	-	-	-	(236,249,856)	-	(236,249,856)
Unappropriated retained earnings transferred to general reserve	37	-	-	4,400,000	(4,400,000)	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	-	(100,456,841)	(100,456,841)
<b>Balance as at 31 December 2020</b>	<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,255,000,000</u>	<u>1,957,349,717</u>	<u>(141,508,445)</u>	<u>75,948,676</u>	<u>556,451</u>	<u>(65,003,318)</u>	<u>4,405,246,078</u>	<u>1,625,058,375</u>	<u>6,030,304,453</u>

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



Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

		Separate financial statements					
					Retained earnings		
				Appropriated			
		Issued and	Share	Statutory	General	Unappropriated	Total
Note		paid up	premium	reserve	reserve		shareholders'
		share capital					equity
	<b>Balance as at 1 January 2019</b>	524,999,679	680,400,000	52,500,000	1,044,500,000	363,673,496	2,666,073,175
	Profit for the year	-	-	-	-	323,903,676	323,903,676
	Other comprehensive income for the year	-	-	-	-	(4,538,284)	(4,538,284)
	Total comprehensive income for the year	-	-	-	-	319,365,392	319,365,392
	Dividend paid	-	-	-	-	(314,999,807)	(314,999,807)
	Unappropriated retained earnings transferred to general reserve	-	-	-	206,100,000	(206,100,000)	-
	<b>Balance as at 31 December 2019</b>	<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,250,600,000</u>	<u>161,939,081</u>	<u>2,670,438,760</u>
	<b>Balance as at 1 January 2020</b>	524,999,679	680,400,000	52,500,000	1,250,600,000	161,939,081	2,670,438,760
	Profit for the year	-	-	-	-	291,883,318	291,883,318
	Other comprehensive income for the year	-	-	-	-	-	-
	Total comprehensive income for the year	-	-	-	-	291,883,318	291,883,318
	Dividend paid	-	-	-	-	(236,249,856)	(236,249,856)
	Unappropriated retained earnings transferred to general reserve	-	-	-	4,400,000	(4,400,000)	-
	<b>Balance as at 31 December 2020</b>	<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>1,255,000,000</u>	<u>213,172,543</u>	<u>2,726,072,222</u>

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

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

**Statements of cash flows**

**For the year ended 31 December 2020**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit before tax	588,175,227	984,125,494	336,487,048	365,692,101
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	813,246,701	706,081,223	55,015,416	31,662,725
Reversal of the reduction of inventory to net realisable value	-	(2,561,218)	-	-
Reversal of allowance for impairment of advance for purchase of goods	-	(204,879)	-	-
Gain on disposals and unrealised gain on change in value of debt instrument investments	(1,403,251)	(7,198,573)	(1,394,207)	(7,130,859)
Share of profit from investment in associated company	(8,045,375)	(7,147,071)	-	-
Allowance for diminution in value added tax refundable	10,961,349	11,004,009	-	-
Allowance for impairment of the investment in subsidiary	-	-	8,196,840	-
Write-off of value added tax refundable and prepaid income tax	18,500,518	3,268,772	-	-
Gain on disposal of equipment and investment properties	(6,276,167)	(1,427,698)	(5,912,280)	(89,112)
Loss on write-off of equipment	252,007	11,082	-	-
Gain on write-off of right-of-use assets from contract cancellation	(95,008)	-	-	-
Loss on write-off of deferred stripping costs	-	6,617,054	-	-
Reversal of dividend payable	(29,586)	(125,038)	(29,586)	(125,038)
Dividend income	-	-	(127,038,572)	(284,374,903)
Provision for long-term employee benefits	29,022,806	42,315,528	3,149,650	10,056,097
Provision for mine reclamation and decommissioning costs	27,472,683	7,459,406	-	-
Unrealised loss (gain) on exchange	6,911,412	(11,478,135)	840,832	14,821,426
Finance income	(13,871,182)	(16,454,936)	(3,774,314)	(5,748,706)
Finance cost	53,734,377	69,151,968	2,153,409	-
Profit from operating activities before changes in operating assets and liabilities	1,518,556,511	1,783,436,988	267,694,236	124,763,731

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

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

**Statements of cash flows (continued)**

**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating assets (increase) decrease				
Trade and other receivables	(229,701,756)	383,863,547	(64,170,335)	66,390,100
Inventories	427,296,294	(357,037,323)	31,303,729	(3,358,443)
Value added tax refundable	92,878,350	92,035,660	236,371	(236,371)
Advance payments for goods	490,835,231	(11,460,089)	162,806,067	(116,286,247)
Other current financial assets	9,617	-	31,872	-
Other current assets	64,935,881	(122,172,183)	(755,630)	(286,642)
Operating liabilities increase (decrease)				
Trade and other payables	(28,927,472)	(56,948,145)	9,718	(13,649,738)
Accrued expenses	12,491,463	(146,469,875)	(2,513,398)	(1,783,408)
Other current financial liabilities	16,763,267	-	(1,765)	-
Other current liabilities	23,231,821	(27,739,557)	(1,435,325)	(12,447,787)
Cash paid for long-term employee benefits	(12,918,897)	(9,209,376)	-	(4,900,000)
Cash paid for mine reclamation	(19,098,188)	(14,588,897)	-	-
Cash from operating activities	2,356,352,122	1,513,710,750	393,205,540	38,205,195
Interest income	13,902,406	16,011,786	3,751,137	5,274,219
Cash paid for interest expenses	(48,222,141)	(40,118,183)	-	-
Refund of income tax	88,829,077	8,197,549	-	-
Cash paid for income tax	(193,119,234)	(375,483,889)	(36,827,812)	(39,794,098)
<b>Net cash from operating activities</b>	<b>2,217,742,230</b>	<b>1,122,318,013</b>	<b>360,128,865</b>	<b>3,685,316</b>
<b>Cash flows from investing activities</b>				
Decrease in debt instruments investments	61,907,235	41,965,288	60,694,186	38,816,872
Increase in restricted bank deposits	(36,699,178)	(8,109,781)	-	-
Dividend received from subsidiaries and associated company	6,866,722	11,418,408	127,038,572	284,374,903
Cash paid for investment in subsidiary	(74,711,730)	-	(144,999,783)	(3,794,529)
Proceeds from disposals of equipment and investment properties	11,238,728	1,911,809	10,298,172	105,707
Acquisitions of plant and equipment	(261,396,018)	(601,132,908)	(10,386,719)	(39,378,743)
Acquisitions of computer software	(826,799)	(578,996)	(347,459)	(226,013)
Acquisitions of biological asset	(4,501,242)	(1,957,439)	-	-
Decrease (increase) in other non-current financial assets	(81,319)	-	45,600	-
Increase in other non-current assets	(388,125,030)	(378,699,124)	-	(50,968)
<b>Net cash from (used in) investing activities</b>	<b>(686,328,631)</b>	<b>(935,182,743)</b>	<b>42,342,569</b>	<b>279,847,229</b>

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

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

**Statements of cash flows (continued)**

**For the year ended 31 December 2020**

(Unit: 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 financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(629,325,768)	250,286,639	-	-
Cash paid for liabilities under finance lease agreements	-	(2,756,400)	-	-
Cash paid for lease liabilities	(33,780,568)	-	(12,976,083)	-
Cash paid for liabilities under capital lease agreement	-	(101,483,222)	-	-
Cash received from long-term loan from financial institution	-	227,696,105	-	-
Repayment of long-term loan from financial institution	(166,527,735)	(102,000,000)	-	-
Dividend paid	(336,706,697)	(563,782,373)	(236,249,856)	(314,999,807)
Decrease in non-controlling interests of the subsidiaries	(7,303,908)	(54,906,860)	-	-
<b>Net cash used in financing activities</b>	<b>(1,173,644,676)</b>	<b>(346,946,111)</b>	<b>(249,225,939)</b>	<b>(314,999,807)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(2,600,674)</b>	<b>32,081,977</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>355,168,249</b>	<b>(127,728,864)</b>	<b>153,245,495</b>	<b>(31,467,262)</b>
Cash and cash equivalents at beginning of year	477,624,516	605,363,504	124,554,965	156,032,351
Effect of change in foreign exchange rate on cash at bank balance	(96,647)	(10,124)	(96,647)	(10,124)
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>832,696,118</b>	<b>477,624,516</b>	<b>277,703,813</b>	<b>124,554,965</b>

**Supplemental cash flows information:**

Non-cash transaction from operating activities

Transferred provision for long-term employee benefits

to accrued expenses

6,910,443      57,096      -      -

Non-cash transactions from investing activities

Right-of-use assets acquired during the year

105,510,062      -      4,544,683      -

Payables from purchases of plant and

equipment and intangible assets

7,887,817      22,046,807      3,944,104      2,926,963

Acquisitions of equipment under finance lease agreements

-      11,751,940      -      -

Transfer equipment to intangible assets

111,200      -      111,200      -

Transfer right-of-use assets to equipment

571,954      -      -      -

Transfer advance payment for share subscription to

advance payment for goods

80,384,808      -      80,384,808      -

Transfer equipment to other non-current assets

50,671,398      -      -      -

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

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

### **Notes to consolidated financial statements**

**For the year ended 31 December 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 lignite. 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 current Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group 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.

#### **2. Basis of preparation**

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

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Relationship	Country of incorporation	Shareholding percentage	
				<u>2020</u> Percent	<u>2019</u> Percent
<b><u>Held by the Company</u></b>					
<b>Local subsidiary</b>					
Lanna Power Generation Company Limited	Investment business and power generation and distribution services	Direct holding and common directors	Thailand	100.00	100.00
Thai Agro Energy Public Company Limited	Ethanol production and distribution	Direct holding and common directors	Thailand	51.00	51.00
<b>Overseas subsidiaries</b>					
PT. Lanna Power Indonesia	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00
<b><u>Held by subsidiary</u></b>					
SRT Power Pellet Company Limited	Wood pellet production and distribution	Direct holding and common directors	Thailand	99.99	-
<b><u>Held by associated company</u></b>					
PT. Lanna Power Indonesia	Coal distribution	Direct holding	Indonesia	0.05	0.05

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the shareholders’ equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- h) The excess of the cost of investment in a subsidiary company over the Company’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as “Goodwill” and separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).

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

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

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

During the year, the Group has adopted the revised (revised 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**

The 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 recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.



## **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 impacts 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.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, and impairment of assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 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 on the financial statements in the year when they are adopted.

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

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

(Unit: Thousand Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	611,569	(611,569)	-	-
Other current financial assets	-	611,601	-	611,601
Other current assets	152,488	(32)	(500)	151,956
<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

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December	Financial		1 January
	2019	reporting	TFRS 16	2020
		standards		
		related to		
		financial		
		instruments		
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	609,313	(609,313)	-	-
Other current financial assets	-	609,345	-	609,345
Other current assets	2,295	(32)	-	2,263
<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

## 4.1 Financial instruments

- As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income		Amortised cost
<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	611,601	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
<b>Total financial assets</b>	<b>1,906,887</b>	<b>402,336</b>	<b>-</b>	<b>1,504,551</b>	<b>1,906,887</b>

(Unit: Thousand Baht)

	Separate financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income		Amortised cost
<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	609,345	400,080	-	209,265	609,345
Other non-current financial assets	3,873	-	-	3,873	3,873
<b>Total financial assets</b>	<b>859,765</b>	<b>400,080</b>	<b>-</b>	<b>459,685</b>	<b>859,765</b>

- 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.

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
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	71,837	43,139
Liabilities under finance lease agreements as at 31 December 2019	11,988	-
Lease liabilities as at 1 January 2020	<u>83,825</u>	<u>43,139</u>
Weighted average incremental borrowing rate (percent per annum)	0.27 - 11.75	5.26
Comprise of:		
Current lease liabilities	28,731	10,288
Non-current lease liabilities	55,094	32,851
	<u>83,825</u>	<u>43,139</u>

## **5. Significant accounting policies**

### **5.1 Revenue and expense recognition**

#### *Sales of goods*

Revenue from sale of coal and ethanol is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

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

#### *Commission and marketing service income*

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

#### *Service income*

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

#### *Interest income*

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Dividends*

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

#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

## **5.2 Cash and cash equivalents**

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

## **5.3 Inventories**

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

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

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

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

## **5.4 Investments in subsidiaries and associates**

Investment in associated company is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method.

## **5.5 Investment properties**

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 - 20 years. Depreciation of the investment properties is included in determining income.

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

## 5.6 Agriculture

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

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

## 5.7 Property, plant and equipment and depreciation

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

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

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

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

Depreciation is included in determining income.

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

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



## **5.8 Borrowing costs**

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

## **5.9 Government grants related to assets**

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

## **5.10 Intangible assets**

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

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

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

## **5.11 Other non-current assets**

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

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

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

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

#### *Deferred exploration and development costs*

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

#### *Deferred stripping costs*

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

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

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

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

## 5.12 Goodwill

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

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

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

## 5.13 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

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

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

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land, building and building improvement	2 - 8 years
Machinery and equipment	3 - 5 years
Furniture, fixtures and office equipment	2 - 5 years
Motor vehicles	2 - 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset

No depreciation is provided on land.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments 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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### Accounting policies adopted before 1 January 2020

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

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

#### **5.14 Related party transaction**

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

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

#### **5.15 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

## 5.16 Impairment of non-financial assets

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

An impairment loss is recognised in the income statement.

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

## **5.17 Employee benefits**

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

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

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

#### ***Defined contribution plans***

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

#### ***Defined benefit plans***

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

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

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

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

## **5.18 Provisions**

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

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

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

## **5.20 Income tax**

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

### *Current tax*

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

### *Deferred tax*

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

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

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

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



## 5.21 Financial instruments

### Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

#### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition 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 at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

#### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statement.

## **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Accounting policies adopted before 1 January 2020**

#### **Trade accounts receivable**

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

#### **Investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statement.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

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

## 5.22 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in the income statement. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 5.23 Fair value measurement

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

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

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

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

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

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

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

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

### **Coal reserve estimates**

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

### **Leases**

#### *Determining the lease term with extension and termination option*

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### *Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### **Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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

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

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

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

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

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

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

### **Goodwill**

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

## **Tax refundable**

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

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

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

## **Deferred tax assets**

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

## **Post-employment benefits under defined benefit plans**

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

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

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

## 7. Related party transactions

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>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	272,957
Commission and marketing service income	-	-	184,638	152,136
Service income	-	-	50,636	32,207
Purchase of coal	-	-	401,256	284,876
<u>Transactions with major shareholder</u>				
Sales of coal	1,107,384	-	1,107,384	-
<u>Transactions with associated company</u>				
Dividend income	-	-	6,867	11,418
Freight charge	243,552	181,332	243,552	181,332
<u>Transactions with related company</u>				
Sales of coal	326	701,346	326	701,346

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 December 2020 and 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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 9)</b>				
Subsidiaries	-	-	51,115	25,256
Related company (related by common shareholder and/or common directors)	98,390	63,170	98,390	63,170
Total trade and other receivables - related parties	<u>98,390</u>	<u>63,170</u>	<u>149,505</u>	<u>88,426</u>
<b><u>Advance payments for goods - related parties</u></b>				
<b>(Note 11)</b>				
Subsidiary company	-	-	56,692	149,884
Associated company	-	11,042	-	11,042
Total advance payment for goods - related parties	<u>-</u>	<u>11,042</u>	<u>56,692</u>	<u>160,926</u>

#### Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	149,872	139,502	41,489	36,057
Post-employment benefits	15,948	16,883	1,000	3,409
Total	<u>165,820</u>	<u>156,385</u>	<u>42,489</u>	<u>39,466</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	157	166	40	40
Bank deposits	983,962	583,201	277,664	124,515
Total	984,119	583,367	277,704	124,555
Less: Restricted bank deposits	(151,423)	(105,742)	-	-
Total	832,696	477,625	277,704	124,555

As at 31 December 2020, bank deposits in savings accounts and fixed deposits carried interests between 0.01 and 5.50 percent per annum (2019: between 0.1 and 6.5 percent per annum).

As at 31 December 2020, the overseas subsidiaries have restricted bank deposits of USD 4.7 million or approximately Baht 142.0 million (2019: USD 3.5 million or approximately Baht 105.7 million) to secure mine reclamation of the overseas subsidiaries to government and for coal supply of the overseas subsidiaries.

As at 31 December 2020, the local subsidiary has pledged its bank deposits of Baht 9.4 million to secure the credit facility of long-term loan from financial institution as discussed in Note 26.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	98,390	63,170	118,026	70,121
Past due				
Up to 3 months	-	-	14,743	10,795
Total trade receivables - related parties	98,390	63,170	132,769	80,916
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	791,288	609,462	35,204	32,110
Past due				
Up to 3 months	8,137	17,556	-	-
Total trade receivables - unrelated parties	799,425	627,018	35,204	32,110
Total trade receivables	897,815	690,188	167,973	113,026

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Other receivables</u></b>				
Other receivables - related parties	-	-	16,736	7,510
Other receivables - unrelated parties	37,242	14,662	379	702
Advances	-	505	-	5
Interest receivable - unrelated parties	774	805	771	749
Total other receivables	<u>38,016</u>	<u>15,972</u>	<u>17,886</u>	<u>8,966</u>
Total trade and other receivables	<u>935,831</u>	<u>706,160</u>	<u>185,859</u>	<u>121,992</u>

The overseas subsidiary has pledged its accounts receivable to secure credit facilities from the financial institutions. As at 31 December 2020, the balance of accounts receivable totaling Rupiah 90,000 million or approximately Baht 183.6 million (2019: Rupiah 90,000 million or approximately Baht 185.4 million) were pledged to secure such credit facilities.

## 10. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Coal and work in process	170,651	296,712	108,970	140,274
Finished goods	12,262	76,134	-	-
Work in process	14,712	14,198	-	-
Raw materials	76,928	320,009	-	-
Supplies	23,825	15,849	-	-
Spare parts	3,943	6,447	-	-
Total	<u>302,321</u>	<u>729,349</u>	<u>108,970</u>	<u>140,274</u>

An overseas subsidiary has pledged its finished goods to secure credit facilities from the financial institutions. As at 31 December 2020, the balance of finished goods totaling Rupiah 10,000 million or approximately Baht 20.4 million were pledged to secure such credit facilities.

## 11. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Advance payments for goods - related parties	-	11,042	56,692	160,926
Advance payments for goods - unrelated parties	264,047	663,456	71,167	49,354
Total	264,047	674,498	127,859	210,280
Less: Allowance for impairment	(6,664)	(6,664)	-	-
Total advance payments for goods	<u>257,383</u>	<u>667,834</u>	<u>127,859</u>	<u>210,280</u>

## 12 Current investments/Other current financial assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Debt instruments at amortised cost</u>				
Fixed deposits	550,000	-	550,000	-
Investments in debentures	-	149,233	-	149,233
Bills of exchange	-	60,000	-	60,000
Others	22	-	13	-
<u>Debt instruments at FVTPL</u>				
Investments in General Fixed Income funds	1,065	402,336	-	400,080
Total	<u>551,087</u>	<u>611,569</u>	<u>550,013</u>	<u>609,313</u>

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 year, the Group received the payout from TMBAM Eastspring amount to Baht 240.9 million (the Company only: Baht 200.8 million). This amount included gains from the investment (after tax) in the income statement, amounting to Baht 0.9 million (the Company only: Baht 0.8 million).

### 13. Investments in subsidiaries

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

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the years ended 31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			(%)	(%)				
<b>Local subsidiary</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	104,550	178,500
<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	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	-	94,457
Total investment in subsidiaries					913,333	768,333	120,172	272,957
Less: Allowance for impairment of the investment					(8,197)	-		
Total investments in subsidiaries - net					905,136	768,333		

## **Overseas subsidiaries**

The Company has 3 overseas subsidiaries in which the Company has shareholding percentage between 55.00% and 99.95% and, as at 31 December 2020, such subsidiaries had unappropriated retained earnings of the Company's portion totaling USD 37.5 million or approximately Baht 1,254.7 million (2019: USD 34.4 million or approximately Baht 1,153 million). The Group may have obligations regarding withholding tax deducted at source in Indonesia when the subsidiaries pay dividends from such amount in the future.

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

### PT. Lanna Power Indonesia

On 21 December 2020, the Board of Directors Meeting of the Company passed a resolution on approving the dissolution and liquidation of PT. Lanna Power Indonesia in 2021. The Company expected the return on such investment of approximately Baht 62.7 million. The Company recorded an allowance for impairment loss of investment in subsidiary totaling of Baht 8.2 million in the income statement.

## **Local subsidiary**

### 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.

## Investment in subsidiary from business combination

### 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>(32,231)</u>
Goodwill	<u>48,769</u>
Acquisition cost of investment in subsidiary	81,000
Less: Cash and cash equivalents of subsidiary	<u>(6,288)</u>
Net cash paid for acquisition of investment in subsidiary	<u>74,712</u>

The consolidated income statement for the year ended 31 December 2020 included revenue and loss of SRT Power Pellet Company Limited as from the acquisition date as follows:

	(Unit: Million Baht)
Revenue	16.7
Loss	23.7

If the business combination had taken place at the beginning of the year 2020, revenue and loss of SRT Power Pellet Company Limited would have been included in the consolidated income statement for the year ended 31 December 2020 as follows:

	(Unit: Million Baht)
Revenue	16.7
Loss	19.7

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 31 December 2020 are summarised below.

SRT Power Pellet Company Limited

	(Unit: Thousand Baht)
Cash and cash equivalents	6,288
Inventories	268
Value added tax refundable	9,362
Other current assets	666
Restricted bank deposits	9,392
Investment properties	28,088
Plant and equipment	77,973
Right-of-use assets	4,485
Deferred tax assets	8,348
Other non-current financial assets	1,703
Short-term loans	(17,429)
Trade and other payables	(4,765)
Long-term loans from financial institutions	(79,148)
Other accrued expenses	(8,455)
Lease liabilities	(4,504)
Other current liabilities	(41)
Fair value of net assets	<u>32,231</u>
Goodwill	<u>48,769</u>
Cost of acquisitions of investments in subsidiaries	<u><u>81,000</u></u>

The difference of Baht 48.8 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 December 2020. Goodwill comprises the value of the manufacture and distribution of wood pellet.



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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year		Translation adjustment allocated to non-controlling interests during the year		Increase from the increase of capital of the subsidiary during the year		Dividend paid to non-controlling interests during the year	
	<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>	<u>2020</u>	<u>2019</u>
	(%)	(%)												
Thai Agro Energy Public Co., Ltd.	49.00	49.00	881	947	35	252	(1)	-	-	-	-	-	(100)	(172)
PT. Singlurus Pratama	35.00	35.00	371	319	57	7	(1)	(1)	(4)	(29)	-	2	-	-
PT. Lanna Harita Indonesia	45.00	45.00	381	357	27	112	-	(2)	(3)	(28)	-	-	-	(77)

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

Summarised information about financial position

(Unit: Million Baht)

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	527	1,303	900	676	1,032	1,154
Non-current assets	2,831	2,834	1,275	1,300	320	334
Current liabilities	(1,209)	(1,726)	(602)	(541)	(313)	(511)
Non-current liabilities	(350)	(475)	(308)	(315)	(195)	(187)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue	2,409	2,577	3,734	2,556	2,463	3,511
Profit	70	514	162	21	60	246
Other comprehensive income	(2)	-	(4)	(2)	-	(4)
Total comprehensive income	68	514	158	19	60	242

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	Thai Agro Energy		PT. Singlurus Pratama		PT. Lanna Harita	
	Public Co., Ltd.				Indonesia	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	991	419	416	457	416	152
Cash flow used in investing activities	(159)	(266)	(402)	(544)	(66)	(145)
Cash flow from (used in) financing activities	(831)	(160)	5	83	(167)	(62)
Net increase (decrease) in cash and cash equivalents	<u>1</u>	<u>(7)</u>	<u>19</u>	<u>(4)</u>	<u>183</u>	<u>(55)</u>

## 14. Investment in associated company

### 14.1 Detail of associated company

(Unit: Thousand Baht)

Company's name	Nature of Business	Paid up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	Carrying amounts based on equity method		Cost	
				(%)	(%)	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	SGD 0.1 million	SGD 0.1 million	49	49	20,786	19,608	891	891
Total						<u>20,786</u>	<u>19,608</u>	<u>891</u>	<u>891</u>

## 14.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investment in associate for the years ended 31 December		Share of other comprehensive income from investment in associate for the years ended 31 December		Dividend received for the years ended 31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
United Bulk Shipping Pte. Ltd.	8,045	7,147	-	-	6,867	11,418

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2020 and 2019 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

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

### 14.3 Summarised financial information about material associate

#### Summarised information about financial position

(Unit: Million Baht)

	United Bulk Shipping Pte. Ltd.	
	<u>2020</u>	<u>2019</u>
Current assets	45	53
Current liabilities	(4)	(14)
Net assets	<u>41</u>	<u>39</u>
Carrying amounts of associates based on equity method	<u>20</u>	<u>20</u>

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	United Bulk Shipping Pte. Ltd.	
	<u>2020</u>	<u>2019</u>
Revenue	241	193
Profit	16	15
Other comprehensive income	-	-
Total comprehensive income	16	15

### 15. 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 December 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 29 December 2020, the Company entered into an agreement with PKN to extend the share subscription to 31 March 2021.

On 21 December 2020, the Company's Board of Directors meeting passed a resolution to approve the decrease in the investment proportion in PKN from 40 percent to 10 percent. In 2020, the Company entered into the coal purchases agreement with PKN by transferring the advance payment for share subscription to the advance payment for goods amounting to Baht 80.4 million.

## 16. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cost	67,708	35,193	29,864	35,193
Less: Accumulated depreciation	(11,618)	(1,200)	-	(1,200)
Less: Allowance for diminution in value	-	(1,570)	-	(1,570)
Net book value	<u>56,090</u>	<u>32,423</u>	<u>29,864</u>	<u>32,423</u>

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	32,423	32,423	32,423	32,423
Increase from business combination	28,088	-	-	-
Disposals - net book value	(2,559)	-	(2,559)	-
Depreciation charged	(1,862)	-	-	-
Net book value at end of year	<u>56,090</u>	<u>32,423</u>	<u>29,864</u>	<u>32,423</u>

As at 31 December 2020, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 29.9 million (2019: Baht 32.4 million) and land and building of the local subsidiary with an aggregate net book value of approximately Baht 26.2 million. The Group is considering making use and/or selling such assets to other parties.

The local subsidiary has mortgaged part of investment properties with net book value as at 31 December 2020 amounting to approximately Baht 6.0 million as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 23 and 26.

The additional information of the investment properties as at 31 December 2020 and 2019 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
The fair value of land awaiting sales	48.0	48.0	48.0	48.0
The fair value of land and building	31.6	-	-	-

The fair value of the investment properties determined based on the price appraised by the Department of Land and the valuation performed by an accredited independent valuer. The fair value of land and building has been determined using the cost approach.

#### 17. Biological assets

	(Unit: Thousand Baht)
	Consolidated financial statements
<b>Balance as at 1 January 2020</b>	1,957
Increase due to cost of planting	4,502
<b>Balance as at 31 December 2020</b>	<u><u>6,459</u></u>

## 18. Property, plant and equipment

### Consolidated financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2019	436,463	65,045	162,210	1,273,799	3,232,972	95,458	47,863	619,431	5,933,241
Additions	-	-	29,154	6,134	26,825	7,717	18,128	484,308	572,266
Disposals/write-off	-	-	-	-	(1,677)	(3,937)	(9,369)	-	(14,983)
Transfer in (transfer out)	-	-	153	76,049	79,915	828	-	(156,945)	-
Translation adjustment	(1,207)	-	(1,211)	(52,830)	(32,583)	(3,048)	(1,012)	(17,384)	(109,275)
31 December 2019	435,256	65,045	190,306	1,303,152	3,305,452	97,018	55,610	929,410	6,381,249
Adjustments due to first time adoption of TFRS16	-	-	-	-	-	(272)	(19,819)	-	(20,091)
Increase from business combination	-	-	12,739	1,449	62,342	67	-	1,376	77,973
Additions	-	-	7,099	4,084	31,487	7,079	345	197,262	247,356
Disposals/write-off	-	-	-	(126)	(8,373)	(4,657)	(2,011)	-	(15,167)
Transfer in (transfer out)	-	-	1,753	3,699	521,670	229	572	(578,594)	(50,671)
Translation adjustment	(61)	-	(61)	(2,692)	(1,732)	(162)	(52)	(1,948)	(6,708)
31 December 2020	435,195	65,045	211,836	1,309,566	3,910,846	99,302	34,645	547,506	6,613,941



(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation</b>									
1 January 2019	-	65,045	49,551	386,048	1,340,389	83,310	36,907	-	1,961,250
Depreciation for the year	-	-	6,118	95,020	162,254	5,466	4,673	-	273,531
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,677)	(3,895)	(8,916)	-	(14,488)
Translation adjustment	-	-	(1,210)	(19,467)	(21,121)	(2,684)	(584)	-	(45,066)
31 December 2019	-	65,045	54,459	461,601	1,479,845	82,197	32,080	-	2,175,227
Adjustments due to first time adoption of TFRS16	-	-	-	-	-	(127)	(7,023)	-	(7,150)
Depreciation for the year	-	-	8,155	95,757	195,723	6,640	2,045	-	308,320
Accumulated depreciation of the disposal/written-off	-	-	-	(54)	(6,562)	(4,456)	(1,439)	-	(12,511)
Translation adjustment	-	-	(62)	(1,255)	(1,160)	(140)	(34)	-	(2,651)
31 December 2020	-	65,045	62,552	556,049	1,667,846	84,114	25,629	-	2,461,235
<b>Net book value</b>									
31 December 2019	435,256	-	135,847	841,551	1,825,607	14,821	23,530	929,410	4,206,022
31 December 2020	435,195	-	149,284	753,517	2,243,000	15,188	9,016	547,506	4,152,706
<b>Depreciation for the year</b>									
2019 (Baht 209 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									273,531
2020 (Baht 231 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)									308,320

## Separate financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Building and amenities	Machinery and equipment	Furniture and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2019	180,000	65,045	88,308	45,527	102,011	27,628	2,815	12,000	523,334
Additions	-	-	18,431	457	12,224	2,597	3,566	1,593	38,868
Transfer in (transfer out)	-	-	-	-	12,000	-	-	(12,000)	-
Disposal/write-off	-	-	-	-	(1,465)	(2,725)	-	-	(4,190)
31 December 2019	180,000	65,045	106,739	45,984	124,770	27,500	6,381	1,593	558,012
Additions	-	-	-	-	3,091	2,052	-	6,254	11,397
Transfer in (transfer out)	-	-	4,564	-	-	-	-	(4,675)	(111)
Disposal/write-off	-	-	-	-	(8,146)	(308)	(1,439)	-	(9,893)
31 December 2020	180,000	65,045	111,303	45,984	119,715	29,244	4,942	3,172	559,405
<b>Accumulated depreciation</b>									
1 January 2019	-	65,045	32,435	9,167	76,678	24,268	2,815	-	210,408
Depreciation for the year	-	-	6,118	2,356	4,416	1,844	177	-	14,911
Accumulated depreciation of the disposal/written-off	-	-	-	-	(1,464)	(2,709)	-	-	(4,173)
31 December 2019	-	65,045	38,553	11,523	79,630	23,403	2,992	-	221,146
Depreciation for the year	-	-	7,131	2,328	5,493	2,181	357	-	17,490
Accumulated depreciation of the disposal/written-off	-	-	-	-	(6,335)	(292)	(1,439)	-	(8,066)
31 December 2020	-	65,045	45,684	13,851	78,788	25,292	1,910	-	230,570
<b>Net book value</b>									
31 December 2019	180,000	-	68,186	34,461	45,140	4,097	3,389	1,593	336,866
31 December 2020	180,000	-	65,619	32,133	40,927	3,952	3,032	3,172	328,835
<b>Depreciation for the year</b>									
2019 (included in selling, distribution and administrative expenses)									14,911
2020 (included in selling, distribution and administrative expenses)									17,490

As at 31 December 2020, a local subsidiary had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 381.8 million (2019: Baht 374.4 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 7.3 million were capitalised during the year (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 (2019: 3.1 to 3.8 percent per annum).

Borrowing costs from the overseas subsidiary's loan from a financial institution amounting to USD 0.07 million or Baht 2.1 million (31 December 2019: USD 0.08 million or Baht 2.5 million) were capitalised during the current year. The weighted average rate of 5.7 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 subsidiaries have mortgaged part of their land and construction thereon and machinery with net book value as at 31 December 2020 amounting to approximately Baht 1,469 million (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 23 and 26.

The overseas subsidiary has mortgaged part of its land, machinery, and equipment with net book value as at 31 December 2020 amounting to approximately USD 22.7 million or equivalent to Baht 681.7 million as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 23 and 26.

As at 31 December 2020, the Company and subsidiaries had certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 599 million (2019: Baht 408 million) (the Company only: Baht 100 million (2019: Baht 95 million)).

## 19. Leases

The Group has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 2 - 8 years.

### 19.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land, buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
1 January 2020	50,878	792	145	33,463	85,278
Increase from business combination	3,964	521	-	-	4,485
Additions	5,502	-	200	14,529	20,231
Write-off	-	-	-	(911)	(911)
Transfer out	-	-	-	(572)	(572)
Adjustment from reassessment	9,141	-	-	-	9,141
Depreciation for the year	(13,411)	(421)	(81)	(18,396)	(32,309)
Translation adjustment	(24)	-	-	(37)	(61)
31 December 2020	<u>56,050</u>	<u>892</u>	<u>264</u>	<u>28,076</u>	<u>85,282</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings	Motor vehicles	Total
1 January 2020	33,089	10,050	43,139
Additions	-	4,544	4,544
Depreciation for the year	(5,515)	(6,064)	(11,579)
31 December 2020	<u>27,574</u>	<u>8,530</u>	<u>36,104</u>

## 19.2 Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Lease payments	93,630	12,342	41,985	-
Less: Deferred interest expenses	(8,495)	(354)	(5,125)	-
Total	85,135	11,988	36,860	-
Less: Portion due within one year	(24,270)	(3,008)	(8,749)	-
Lease liabilities - net of current portion	<u>60,865</u>	<u>8,980</u>	<u>28,111</u>	<u>-</u>

A maturity analysis of lease payments is disclosed in Note 43.2 under the liquidity risk.

Movements of lease liabilities for the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	83,825	43,139
Increase from business combination	4,504	-
Additions during the year	18,934	4,544
Accretion of interest	4,807	2,153
Adjustment from reassessment	9,141	-
Payments during the year	(33,781)	(12,976)
Decrease from contract cancellation	(1,006)	-
Translation adjustment	(1,289)	-
Balance as at 31 December 2020	<u>85,135</u>	<u>36,860</u>

### 19.3 Expenses relating to leases that are recognised in income statement

(Unit: Thousand Baht)

For the year ended 31 December 2020

	Consolidated financial statements	Separate financial statements
Depreciation expenses of right-of-use assets	32,309	11,579
Interest expenses on lease liabilities	4,807	2,153
Expenses relating to short-term leases	2,011	160
Expenses relating to leases of low-value assets	219	77
Expenses relating to variable lease payments	65	-

### 19.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 36.1 million (the Company only: Baht 13.2 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments.

### 20. Goodwill

Movements in the goodwill account during the year ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

Book value as at 1 January 2020	186,000
Add: Increase from business combination	48,769
Book value as at 31 December 2020	<u>234,769</u>

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

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

(Unit: Percent per annum)

Terminal growth rate	1 - 17
Discount rate	5 - 11

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

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

Management believes that any reasonably possible change in the key assumptions on which the units' recoverable amount are based would not cause the units' carrying amount to exceed its recoverable amount.

## 21. Intangible assets

Details of intangible assets are as follows:

### Consolidated financial statements

	(Unit: Thousand Baht)		
	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2019	20,423	191,939	212,362
Additions	445	-	445
Translation adjustment	(233)	-	(233)
31 December 2019	20,635	191,939	212,574
Additions	833	-	833
Transfer in during the year	111	-	111
Translation adjustment	(12)	-	(12)
31 December 2020	21,567	191,939	213,506
<b>Accumulated amortisation</b>			
1 January 2019	15,460	22,730	38,190
Amortisation for the year	1,760	15,867	17,627
Translation adjustment	(233)	-	(233)
31 December 2019	16,987	38,597	55,584
Amortisation for the year	1,830	25,012	26,842
Translation adjustment	(12)	-	(12)
31 December 2020	18,805	63,609	82,414
<b>Net book value</b>			
31 December 2019	3,648	153,342	156,990
31 December 2020	2,762	128,330	131,092

## Separate financial statements

(Unit: Thousand Baht)

	Computer software	Deferred transferred service fees according to contract	Total
<b>Cost</b>			
1 January 2019	7,989	191,939	199,928
Additions	231	-	231
31 December 2019	8,220	191,939	200,159
Additions	354	-	354
Transfer in during the year	111	-	111
31 December 2020	8,685	191,939	200,624
<b>Accumulated amortisation</b>			
1 January 2019	5,702	22,730	28,432
Amortisation for the year	885	15,867	16,752
31 December 2019	6,587	38,597	45,184
Amortisation for the year	935	25,012	25,947
31 December 2020	7,522	63,609	71,131
<b>Net book value</b>			
31 December 2019	1,633	153,342	154,975
31 December 2020	1,163	128,330	129,493

### **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.



## 22. Other non-current assets

Other non-current assets have been shown net of related accumulated amortisation as at 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred expenses - Indonesia				
coal mine project	188,161	155,872	-	-
Deferred stripping costs	285,391	323,689	-	-
Others	1,257	7,020	-	3,873
Total other non-current assets	<u>474,809</u>	<u>486,581</u>	<u>-</u>	<u>3,873</u>
Amortisation expenses for the year	<u>443,405</u>	<u>414,756</u>	<u>-</u>	<u>-</u>

### Deferred expenses - Indonesia coal mine project

A reconciliation of the net book value of deferred expenses - Indonesia coal mine project for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Exploration and evaluation assets	Deferred exploration and development costs	Total
As at 1 January 2019	3,117	215,614	218,731
Increase during the year	-	12,818	12,818
Transfer in	-	13,973	13,973
Amortisation for the year	-	(74,175)	(74,175)
Translation adjustment	(221)	(15,254)	(15,475)
As at 31 December 2019	2,896	152,976	155,872
Increase during the year	-	2,348	2,348
Transfer in	-	51,132	51,132
Amortisation for the year	-	(20,586)	(20,586)
Translation adjustment	(11)	(594)	(605)
As at 31 December 2020	<u>2,885</u>	<u>185,276</u>	<u>188,161</u>

## Deferred stripping costs

A reconciliation of the net book value of deferred stripping costs for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	323,689	328,037
Increase during the year	385,777	366,058
Write-off during the year	-	(6,617)
Amortisation for the year	(422,819)	(340,581)
Translation adjustment	(1,256)	(23,208)
Net book value at end of year	<u>285,391</u>	<u>323,689</u>

## 23. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Promissory notes	2.67 - 2.75	2.75 - 2.80	588,405	943,222
Trust receipts	2.24 - 2.63	2.53 - 2.73	326,925	448,072
Bill of purchasing line	1.78	0.06 - 3.03	61,976	215,560
Total			<u>977,306</u>	<u>1,606,854</u>

Movements in short-term loans from financial institutions during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	1,606,854
Add: Increase during the year	5,051,044
Less: Repayment during the year	(5,680,370)
Translation adjustment	(222)
Balance as at 31 December 2020	<u>977,306</u>

Credit facilities are secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 17 and 18.

As at 31 December 2020, the short-term credit facilities of the subsidiaries which have not yet been drawn down amounted to USD 25.9 million or equivalent to Baht 779.1 million and Baht 1,144.7 million totaling of Baht 1,923.8 million (2019: Baht 1,448.2 million).

#### 24. Short-term loans

As at 31 December 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.

#### 25. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - unrelated parties	418,983	433,858	27,948	27,193
Other payables - unrelated parties	62,061	85,135	5,245	4,600
Derivative liabilities	100	55	100	55
Total trade and other payables	<u>481,144</u>	<u>519,048</u>	<u>33,293</u>	<u>31,848</u>

## 26. Long-term loans from financial institution

				(Unit: Thousand Baht)	
				Consolidated	
				financial statements	
				As at 31 December	
No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	2020	2019
1	418.0	3M THBFIX + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The principal is payable in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months.	280,503	364,413
2	300.0	3M THBFIX + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	179,779	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.	127,049	149,824
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).	79,281	-
Total				666,612	753,939
Less: Current portion				(190,134)	(166,114)
Long-term loans, net of current portion				476,478	587,825

Movements in the long-term loans from financial institution during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	753,939
Increase from business combination	79,148
Amortisation of transaction costs during the year	633
Repayment during the year	(166,528)
Translation adjustments	(580)
Balance as at 31 December 2020	<u>666,612</u>

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.

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 December 2020, the subsidiaries could maintain certain financial ratios as specified in the long-term loan agreements, except one local subsidiary that could not maintain certain financial ratios as specified in the loan agreement. However, the subsidiary had obtained a waiver letter for the condition to maintain certain financial ratios for the year ended 31 December 2020 from a bank on 30 December 2020.

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

## 27. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Provision for long-term employee benefits at</b>				
<b>beginning of year</b>	252,810	202,236	45,653	29,924
Included in income statement:				
Current service cost	23,153	21,502	2,502	2,340
Interest cost	13,449	14,468	647	1,149
Past service costs	(7,579)	6,346	-	6,567
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(16)	-	-	-
Financial assumptions changes	5,632	16,938	-	5,673
Experience adjustments	3,604	(1,846)	-	-
Benefits paid during the year	(19,772)	(2,075)	-	-
Translation adjustment	(3,140)	(4,759)	-	-
<b>Provision for long-term employee benefits at</b>				
<b>end of year</b>	<u>268,141</u>	<u>252,810</u>	<u>48,802</u>	<u>45,653</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change was considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 7.2 million (The Company only: Baht 6.6 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the income statement for the year 2019.

The Group expects to pay Baht 51.4 million of long-term employee benefits during the next year (2019: Baht 21.7 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 2 - 14 years (Separate financial statements: 12 years) (2019: 3 - 15 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.64 - 7.34	1.52 - 8.21	1.52	1.52
Salary increase rate	5.00 - 8.00	5.00 - 9.00	6.34	6.34

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)						
As at 31 December 2020						
	Consolidated financial statements				Separate financial statements	
	The group in Thailand		The group in overseas		financial statements	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5% - 1.0%	0.5% - 1.0%	1.0%	1.0%	0.5%	0.5%
Discount rate	(2,295)	2,452	(10,955)	12,175	(1,923)	2,049
Salary increase rate	2,978	(2,764)	12,052	(11,040)	2,204	(2,085)

  

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

## 28. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for		Total
	Provision for mine reclamation	decommissioning costs	
As at 1 January 2019	72,908	20,997	93,905
Increase during the year	10,475	597	11,072
Decrease from actual paid	(14,589)	-	(14,589)
Translation adjustment	(1,827)	(1,359)	(3,186)
As at 31 December 2019	66,967	20,235	87,202
Increase during the year	29,865	-	29,865
Decrease from actual paid	(19,098)	-	(19,098)
Translation adjustment	(868)	(370)	(1,238)
As at 31 December 2020	76,866	19,865	96,731

## 29. Statutory reserve

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

## 30. Provident fund

The Group and their employees jointly established a provident fund, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Group also contribute a certain amount. The fund, which is managed by the Bank of Ayudhaya Public Co., Ltd., will be paid to employee upon termination in accordance with the fund rules of the Group. The contributions of the Group for the year 2020 amounting to Baht 9.0 million (the Company only: Baht 5.2 million) (2019: Baht 7.9 million (the Company only: Baht 4.8 million)) were recognised as expenses.



### 31. Finance income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest income at amortised cost	12,540	12,798	2,443	2,092
Interest received from debt instruments measured at FVTPL	<u>1,331</u>	<u>3,657</u>	<u>1,331</u>	<u>3,657</u>
<b>Total</b>	<b><u>13,871</u></b>	<b><u>16,455</u></b>	<b><u>3,774</u></b>	<b><u>5,749</u></b>

### 32. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expenses on borrowings	51,096	69,939	-	-
Interest expenses on mine reclamation	2,497	-	-	-
Interest expenses on lease liabilities	<u>4,807</u>	<u>-</u>	<u>2,153</u>	<u>-</u>
<b>Total</b>	<b><u>58,400</u></b>	<b><u>69,939</u></b>	<b><u>2,153</u></b>	<b><u>-</u></b>

### 33. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Purchase of finished goods	696,973	1,286,308	1,098,229	836,104
Raw materials and consumables used	1,781,576	1,627,633	-	-
Changes in inventories of finished goods and work in process decrease (increase)	189,419	(128,446)	31,304	(3,359)
Royalty fee	703,730	812,229	-	-
Freight and transportation of goods expenses	774,793	737,537	95,817	68,956
Coal winning and conveyance expenses	2,089,279	2,305,307	-	-
Depreciation and amortisation expenses	813,247	706,081	55,015	31,663
Salaries, wages and other employee benefits	244,718	240,066	50,635	58,142
Management benefit expenses	165,820	156,385	42,489	39,466
Electricity and fuel expenses	131,279	120,685	6,638	6,292
Repair and maintenance expenses	66,725	54,581	5,404	5,464
Loss on exchange	3,732	-	-	17,709

### 34. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Current income tax charge	135,630	142,876	43,253	1,688
Adjustment in respect of income tax of previous year	27,810	-	182	-
Withholding tax deducted at source recognised as expenses during the year	3,124	42,111	3,124	42,111
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>10,047</u>	<u>7,986</u>	<u>(1,955)</u>	<u>(2,011)</u>
<b>Income tax expenses reported in income statements</b>	<b><u>176,611</u></b>	<b><u>192,973</u></b>	<b><u>44,604</u></b>	<b><u>41,788</u></b>

The amount of income tax related to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follow:

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	<u>(2,410)</u>	<u>(3,959)</u>	<u>-</u>	<u>(1,135)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	588,175	984,125	336,487	365,692
Applicable tax rate	10% - 30%	10% - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	144,471	233,115	67,297	73,138
Adjustment in respect of income tax of previous year	27,810	-	182	-
Withholding tax deducted at source recognised as expenses during the year	3,124	42,111	3,124	42,111
Effects of:				
Promotional privileges (Note 35)	(18,043)	(75,151)	-	-
Non-deductible expenses	11,618	9,176	3,105	5,192
Income not subject to tax	(16,392)	(5,541)	(25,408)	(56,875)
Additional expense deductions allowed	(3,799)	(29,673)	(3,071)	(13,356)
Taxable withholding tax deducted at source expenses	(625)	(8,422)	(625)	(8,422)
Others	856	795	-	-
Total	(26,385)	(108,816)	(25,999)	(73,461)
Investments in subsidiaries	24,193	23,853	-	-
Unrecognised tax loss as deferred tax assets	3,249	2,677	-	-
Translation adjustment	149	33	-	-
Income tax expenses reported in income statements	<u>176,611</u>	<u>192,973</u>	<u>44,604</u>	<u>41,788</u>

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Separate financial statements				
	As at 1 January 2020	Increase from business combination	Recognise to income statement	Recognise to statement of comprehensive income	Translation adjustment	As at 31 December 2020	As at 1 January 2020	Recognise to income statement	Recognise to statement of comprehensive income	As at 31 December 2020
<b>Deferred tax assets</b>										
Provision for long-term employee benefits	70,627	-	2,518	2,410	(390)	75,165	9,131	630	-	9,761
Allowance for impairment loss of investment in subsidiary	-	-	-	-	-	-	-	1,639	-	1,639
Accumulated depreciation - ore, plant and equipment	19,530	-	(601)	-	(42)	18,887	13,009	-	-	13,009
Inventories	9,705	-	(13,599)	-	1,372	(2,522)	-	-	-	-
Government grants	5,256	-	(145)	-	-	5,111	-	-	-	-
Lease liabilities	(45,120)	-	12,122	-	(1,220)	(34,218)	-	-	-	-
Unrecognised tax loss	-	8,348	8,101	-	-	16,449	-	-	-	-
Others	1,520	-	(1,520)	-	-	-	314	(314)	-	-
<b>Total</b>	<b>61,518</b>	<b>8,348</b>	<b>6,876</b>	<b>2,410</b>	<b>(280)</b>	<b>78,872</b>	<b>22,454</b>	<b>1,955</b>	<b>-</b>	<b>24,409</b>
<b>Deferred tax liabilities</b>										
Accumulated amortisation - deferred exploration and development costs and deferred stripping costs	118,038	-	(3,893)	-	(2,331)	111,814	-	-	-	-
Investments in subsidiaries	74,248	-	22,075	-	-	96,323	-	-	-	-
Accumulated depreciation - machinery	3,421	-	-	-	-	3,421	-	-	-	-
Accumulated depreciation - right-of-use assets	1,155	-	845	-	17	2,017	-	-	-	-
<b>Total</b>	<b>196,862</b>	<b>-</b>	<b>19,027</b>	<b>-</b>	<b>(2,314)</b>	<b>213,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(135,344)</b>					<b>(134,703)</b>	<b>22,454</b>			<b>24,409</b>
Deferred tax assets						52,948				24,409
Deferred tax liabilities						(187,651)				-
<b>Deferred tax assets (liabilities) - net</b>						<b>(134,703)</b>				<b>24,409</b>

(Unit: Thousand Baht)

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

As at 31 December 2020, the subsidiaries have unused tax losses totaling Baht 66.0 million (2019: Baht 57.9 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 66.0 million will expire by year 2025.

### 35. Promotional privileges

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

Certificate No.	2078(9)/2551	62-0394-1-04-1-0
Date	19 November 2008	22 April 2019
1. Promotional privileges for	Manufacture of ethanol (99.5%)	Manufacture of alcohol
2. Significant privileges		
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	8 years (expired on 1 April 2020)	3 years or not exceed 50 percent of the investment (will expire on 22 April 2022)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	-
3. Date of first earning operating income	2 April 2012	23 April 2019

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

The subsidiary's operating revenues for the years ended 31 December 2020 and 2019 were domestic sales, which were divided between promoted and non-promoted operations, are summarised below:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Revenues from sales		
Promoted operations	1,321,471	2,242,169
Non-promoted operations	1,084,520	291,833
Total	<u>2,405,991</u>	<u>2,534,002</u>

### 36. Earnings per share

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

### 37. Dividend paid

Dividends paid by the Group for the years ended 31 December 2020 and 2019 are as follows:

#### The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2020</u></b>				
Interim dividends	Board of Directors' meeting on 8 April 2020	157,500	0.30	7 May 2020
Interim dividends	Board of Directors' meeting on 19 October 2020	78,750	0.15	18 November 2020
Total		<u>236,250</u>	<u>0.45</u>	

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2019</u></b>				
Final dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	157,500	0.30	15 May 2019
The interim dividend in respect of operation income for the period from January to September 2019	Board of Directors' meeting on 21 October 2019	157,500	0.30	20 November 2019
Total		315,000	0.60	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 4.4 million (2019: Baht 206.1 million).

### **Local subsidiary**

#### **Thai Agro Energy Public Company Limited**

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2020</u></b>				
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		205,000	0.205	



Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2019</u></b>				
Final dividends in respect of operation income from BOI promoted operation for the period from July to December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000	0.15	24 May 2019
Interim dividends in respect of operation income from BOI promoted operation for the period from January to June 2019	Board of Directors' meeting on 15 August 2019	200,000	0.20	13 September 2019
Total		350,000	0.35	

During the year 2019, the Company received dividend income at 51 percent for a total of Baht 104.6 million (2019: Baht 178.5 million).

### **Overseas subsidiaries**

#### **PT. Lanna Harita Indonesia**

Dividends	Approved by	Total Dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b><u>2019</u></b>				
The second interim dividend for 2018	Board of Directors' meeting on 16 April 2019	1,600	200	26 April 2019
The first interim dividend for 2019	Board of Directors' meeting on 6 September 2019	2,000	250	25 September 2019
The second interim dividend for 2019	Board of Directors' meeting on 12 December 2019	2,000	250	27 December 2019
Total		5,600	700	

During the year 2019, the Company recorded dividend income at 55 percent for a total of USD 3.1 million or equivalent to Baht 94.5 million. The Company had been withheld the withholding tax deducted at source of Baht 18.9 million.

## PT. Lanna Power Indonesia

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand US Dollar)	<u>Dividend per share</u> (US Dollar)	<u>Paid on</u>
<b><u>2020</u></b>				
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 year 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.

### **38. Segment information**

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

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

1. Domestic coal segment, which purchases and sells of coal
2. Overseas coal segment, which produces and sells of coal
3. Ethanol segment, which produces and sells of ethanol
4. Wood pellet segment, which produces and sells of wood pellet
5. Soil conditioner segment

During the current year, the Group has added a reportable segment, which is Wood pellet. In addition, the operation of the soil conditioner segment for the current year is insignificant.

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

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

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

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

	For the years ended 31 December															
	Domestic coal business		Overseas coal business		Ethanol business		Wood Pellet business		Domestic other business		Total segments		Adjustments and eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from external customers	1,366	987	5,739	5,733	2,406	2,534	1	-	-	-	9,512	9,254	-	-	9,512	9,254
Inter-segment revenue	260	200	401	285	-	-	18	-	-	-	679	485	(679)	(485)	-	-
Finance income	4	6	10	10	-	-	-	-	-	-	14	16	-	-	14	16
Finance cost	2	-	13	33	40	37	3	-	-	-	58	70	-	-	58	70
Depreciation and amortisation	55	32	572	508	176	167	11	-	-	-	814	707	(1)	(1)	813	706
Share of profit from investment in associated company accounted for by the equity method	8	7	-	-	-	-	-	-	-	-	8	7	-	-	8	7
Income tax expenses	45	42	109	111	6	16	(7)	-	-	-	153	169	24	24	177	193
<b>Segment profit (loss)</b>	<b>421</b>	<b>354</b>	<b>3,293</b>	<b>2,403</b>	<b>199</b>	<b>610</b>	<b>(9)</b>	-	-	-	<b>3,904</b>	<b>3,367</b>	<b>(1,032)</b>	<b>(201)</b>	<b>2,872</b>	<b>3,166</b>
<b>Segment total assets</b>	<b>3,059</b>	<b>2,956</b>	<b>3,605</b>	<b>3,572</b>	<b>3,358</b>	<b>4,137</b>	<b>285</b>	-	-	<b>2</b>	<b>10,307</b>	<b>10,667</b>	<b>(1,050)</b>	<b>(932)</b>	<b>9,257</b>	<b>9,735</b>
Investment in associated company accounted for by equity method	21	20	-	-	-	-	-	-	-	-	21	20	-	-	21	20
Additions to non-current assets other than financial instruments and deferred tax assets	(84)	8	(90)	61	(5)	68	162	-	-	-	(17)	137	8	-	(9)	137

## Geographic information

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

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Revenue from external customers		
Thailand	4,055,903	3,675,669
India	3,630,632	2,592,923
Singapore	854,695	1,040,299
Dubai	328,708	447,699
China	270,099	110,811
South Korea	-	63,465
Others	371,829	1,322,948
Total	<u>9,511,866</u>	<u>9,253,814</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,862,328	3,786,212
Indonesia	1,439,528	1,524,917
Total	<u>5,301,856</u>	<u>5,311,129</u>

## Major customers

During the year 2020, the Group has revenue from 5 major customers in amount of Baht 3,027 million and Baht 1,150 million, arising from sales by the coal business and ethanol business, respectively (2019: revenue from 5 major customers in amount of Baht 54,005 million and Baht 1,133 million, arising from sales by the coal business and ethanol business, respectively).

### **39. Significant contracts and agreements**

39.1 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.

39.2 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.

39.3 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.

39.4 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.

## 40. Commitments and contingent liabilities

### 40.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of Baht 18.2 million relating to the assessment of environmental impact on the construction of the Company's jetty, the construction of the subsidiaries' Vinasse Evaporation Plant and other construction projects (2019: Baht 44.3 million relating to the construction of the Company's coal screening plant and the subsidiaries' construction of Wastewater Evaporation Plant, port loading conveyor, and other construction projects).

### 40.2 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. As at 31 December 2020 and 2019, future minimum payments under these agreements are as follows:

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
In up to 1 year	2.7	4.6	0.3	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 finance and management, the consulting for mining, environment and safety and other consulting of Baht 20.1 million (the Company only: Baht 20.1 million) (2019: Baht 22.0 million (the Company only: Baht 22.0 million)).
- c) The Company had commitments under the coal purchase agreement and coal shipping agreement with an overseas company which the coal price and freight rate, coal quality and quantity to purchase are stipulated in the agreement.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.

### **40.3 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.

### **40.4 Guarantees**

As at 31 December 2020, the Group had bank guarantees of approximately Baht 6 million and Rupiah 19,900 million (the Company only: Baht 0.9 million) (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.

## **41. Litigation**

On September 2011, a company sued the subsidiary for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The subsidiary submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case has been finalised on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the subsidiary paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2011 (the countersue date) until completion of payment. Now the execution of judgment is in process.

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

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

## 42. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)				
As at 31 December 2020				
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
<u>Financial assets measured at FVTPL</u>				
Investment in General Fixed Income				
Funds - open fund	1,065	1,065	-	-
<b>Liability measured at fair value</b>				
<u>Derivatives</u>				
Foreign currency forward contracts	100	100	100	100
<b>Assets for which fair value are disclosed</b>				
<u>Financial assets measured at amortised cost</u>				
Investment properties	56,090	56,090	56,090	56,090
(Unit: Million Baht)				
As at 31 December 2019				
	Consolidated		Separate	
	financial Statements		financial Statements	
	Level 2	Total	Level 2	Total
<b>Asset measured at fair value</b>				
<u>Financial assets measured at FVTPL</u>				
Investment in General Fixed Income				
Funds	402,336	402,336	400,080	400,080
<b>Liability measured at fair value</b>				
<u>Derivatives</u>				
Foreign currency forward contracts	55	55	55	55
<b>Assets for which fair value are disclosed</b>				
<u>Financial assets measured at amortised cost</u>				
Investment property	32,423	32,423	32,423	32,423



## 43. Financial instruments

### 43.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	100	55	100	55
<b>Total derivative liabilities</b>	<u>100</u>	<u>55</u>	<u>100</u>	<u>55</u>

#### **Derivatives not designated as hedging instruments**

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 6 months.

### 43.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade and other accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### **Trade and other accounts receivables**

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's management or Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's management or Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Market risk**

There are two significant types of market risk comprising currency risk and interest rate risk.

## Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its importing and service rendering transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the Company had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2020				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2020	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	2.8	-	29.8674	30.2068

As at 31 December 2019				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2019	
	(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 31 December 2020 and 2019, foreign exchange contracts outstanding are summarised below:

As at 31 December 2020			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual maturity date
	(Million)		
US dollar	0.7	29.80 - 30.49	February - June 2021

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

### *Foreign currency sensitivity*

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020.

<u>Currency</u>	<u>Increase (decrease)</u>	<u>Effect on profit before tax</u>
	(%)	(Thousand Baht)
US dollar	5	4,223
US dollar	(5)	(4,223)

### **Interest rate risk**

The Group's exposure to interest rate risk relates primarily to bank deposits, short-term loans, lease liabilities, and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by providing loans with both fixed and variable interest rates, which must be approved by the Group's management or the Board of Directors. The Group has an interest rate risk management policy by closely monitoring and controlling interest rate risk. Also, monitoring the economic situation, money market and capital market conditions and direction of interest rates that may cause interest rate risk factors. If there is a fluctuation in market interest rates or future direction that will affect the operating results and cash flows, the Group will consider using an interest rate swap contract in order to exchange difference interest amounts between fixed interest rates and variable rates by referencing principal value of the contract at specified intervals.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2020						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	333	-	316	184	833	0.01 - 5.50
Trade and other receivables	-	-	-	936	936	-
Other current financial assets	550	-	-	1	551	0.50 - 0.63
Restricted bank deposits	151	-	-	-	151	0.20 - 5.50
Other non-current financial asset	-	-	-	8	8	-
	<u>1,034</u>	<u>-</u>	<u>316</u>	<u>1,129</u>	<u>2,479</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	977	-	-	-	977	1.78 - 2.75
Short-term loans	17	-	-	-	17	2.00
Trade and other payables	-	-	-	481	481	-
Lease liabilities	24	61	-	-	85	0.27 - 22.37
Other current financial liabilities	-	-	-	19	19	-
						3MTHBFIX+1.95,
Long-term loans	30	97	540	-	667	MLR-1.25, 5.50
	<u>1,048</u>	<u>158</u>	<u>540</u>	<u>500</u>	<u>2,246</u>	

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2020						
Fixed interest rates		Floating	Non-	Total	Interest rate	
Within		interest	interest			
1 year	1 - 5 years	rate	bearing		(% per annum)	
<b>Financial assets</b>						
Cash and cash equivalents	-	-	96	182	278	0.010 - 0.375
Trade and other receivables	-	-	-	186	186	-
Other current financial assets	550	-	-	-	550	0.50 - 0.63
Other non-current financial assets	-	-	-	4	4	-
	<u>550</u>	<u>-</u>	<u>96</u>	<u>372</u>	<u>1,018</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	33	33	-
Lease liabilities	9	28	-	-	37	5.12 - 5.28
Other current financial liabilities	-	-	-	1	1	-
	<u>9</u>	<u>28</u>	<u>-</u>	<u>34</u>	<u>71</u>	

(Unit: Million Baht)

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

### *Interest rate sensitivity*

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans to and loans from affected as at 31 December 2020, with all other variables held constant.

Currency	Increase (decrease)	Effect on profit before tax
	(%)	(Thousand Baht)
Baht	0.5	(2,697)
Baht	(0.5)	2,697

### **Liquidity risk**

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, loans from financial institutions and lease contracts. The Group has liquidity risk management policy, which must be approved by the Group's management or the Board of Directors, to ensure that the Group maintains sufficient future cash flows for its business activities. By using cash flow projections, these reports will be used to monitor and control liquidity risks. The Group also determined the liquidity ratio at appropriate level. In addition, there is supervision and monitoring of the net cash flow in each interval to ensure that the Group can manage liquidity risk effectively.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

Consolidated financial statements

	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	977,306	-	-	977,306
Short-term loans	17,429	-	-	17,429
Trade and other payables	481,144	-	-	481,144
Lease liabilities	26,751	66,879	-	93,630
Long-term loans	190,134	476,478	-	666,612
Other current financial liabilities	19,022	-	-	19,022
<b>Total non-derivatives</b>	<b>1,711,786</b>	<b>543,357</b>	<b>-</b>	<b>2,255,143</b>
<b>Derivatives</b>				
Derivative liabilities: net settled	100	-	-	100
<b>Total</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>

(Unit: Thousand Baht)

Separate financial statements

	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Trade and other payables	33,293	-	33,293
Lease liabilities	10,605	31,380	41,985
Other current financial liabilities	994	-	994
<b>Total non-derivatives</b>	<b>44,892</b>	<b>31,380</b>	<b>76,272</b>
<b>Derivatives</b>			
Derivative liabilities: net settled	100	-	100
<b>Total derivatives</b>	<b>100</b>	<b>-</b>	<b>100</b>



### 43.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other accounts receivable, accounts payable and short-term loans from financial institutions, the carrying amounts in the statement of financial position approximate their fair value.
- b) The fair value of debt securities is generally derived from quoted market prices or by using the yield curve announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair value of fixed rate long-term loans is estimated by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- d) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.
- e) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

#### **44. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.54:1 (2019: 0.63:1) and the Company's debt-to-equity ratio was 0.05:1 (2019: 0.04:1).

#### **45. Event after the reporting period**

##### **The Company**

On 1 March 2021, the meeting of the Company's Board of Directors approving to pay the dividend for 2020 of Baht 0.45 per shares, totaling Baht 236.2 million. The interim dividends were paid on 18 November 2020 of Baht 0.15 per share, amounting to Baht 78.7 million, and there is the remaining dividends of Baht 0.30 per share, amounting to Baht 157.5 million. The Company will set aside a general reserve of Baht 55.6 million.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

##### **The oversea subsidiary**

On 22 January 2021, the Board of Directors' meeting of PT Lanna Harita Indonesia ("Subsidiary") passed a resolution approving the interim dividend payment of USD 250 per share, totaling USD 2 million. The Company received such dividend payment at 55 percent on 1 February 2021.

#### **46. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2021.