

Thai Agro Energy Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Agro Energy Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Agro Energy Public Company Limited as at 31 March 2022, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Patcharawan Koonarangsri
Certified Public Accountant (Thailand) No. 6650

EY Office Limited
Bangkok: 9 May 2022

Thai Agro Energy Public Company Limited**Statement of financial position****As at 31 March 2022**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		31,260	36,739
Trade and other receivables	4	267,082	197,906
Inventories		495,117	104,564
Advance payments for purchase of goods		41,960	286,970
Other current financial asset		1,070	1,069
Other current assets		3,584	9,404
Total current assets		<u>840,073</u>	<u>636,652</u>
Non-current assets			
Biological assets		12,500	11,577
Property, plant and equipment	5	2,681,771	2,702,003
Right-of-use-assets	6	23,354	25,266
Intangible assets		2,419	2,245
Deferred tax assets		20,046	19,702
Other non-current financial assets		791	795
Total non-current assets		<u>2,740,881</u>	<u>2,761,588</u>
Total assets		<u><u>3,580,954</u></u>	<u><u>3,398,240</u></u>

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

Thai Agro Energy Public Company Limited
Statement of financial position (continued)
As at 31 March 2022

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	7	957,654	763,613
Trade and other payables	8	106,852	67,786
Current portion of liabilities lease agreements		6,984	7,088
Current portion of long-term loans	9	243,707	243,707
Provision for short-term employee benefits		-	2,259
Other current liabilities		7,164	8,862
Total current liabilities		<u>1,322,361</u>	<u>1,093,315</u>
Non-current liabilities			
Liabilities under agreements - net of current portion		17,581	19,283
Long-term loans - net of current portion	9	522,225	572,153
Provision for long-term employee benefits		8,436	8,212
Total non-current liabilities		<u>548,242</u>	<u>599,648</u>
Total liabilities		<u>1,870,603</u>	<u>1,692,963</u>

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

Thai Agro Energy Public Company Limited
Statement of financial position (continued)
As at 31 March 2022

(Unit: Thousand Baht)

	<u>31 March 2022</u>	<u>31 December 2021</u>
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up		
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000
Share premium	188,796	188,796
Capital reserve for share-based payment transactions	556	556
Retained earnings		
Appropriated - statutory reserve	100,000	100,000
Appropriated - general reserve	192,000	192,000
Unappropriated	<u>228,999</u>	<u>223,925</u>
Total shareholders' equity	<u>1,710,351</u>	<u>1,705,277</u>
Total liabilities and shareholders' equity	<u>3,580,954</u>	<u>3,398,240</u>
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The accompanying notes are an integral part of the financial statements.

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Directors
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(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2022

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

		For the three-month periods ended 31 March	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
Profit or loss:			
Revenues			
Sales		670,480	683,030
Other income		<u>7</u>	<u>4</u>
Total revenues		<u>670,487</u>	<u>683,034</u>
Expenses			
Cost of sales		633,234	589,759
Selling and distribution expenses		5,090	4,697
Administrative expenses		<u>17,123</u>	<u>16,139</u>
Total expenses		<u>655,447</u>	<u>610,595</u>
Operating profit		15,040	72,439
Finance income		9	10
Finance cost		<u>(10,319)</u>	<u>(8,879)</u>
Profit before income tax		4,730	63,570
Tax income (tax expense)	10	<u>344</u>	<u>(6,619)</u>
Profit for the period		<u>5,074</u>	<u>56,951</u>
Other comprehensive income			
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>5,074</u>	<u>56,951</u>
Earnings per share			
Basic earnings per share	11		
Profit (Baht)		<u>0.01</u>	<u>0.06</u>
Weighted average number of ordinary shares (Thousand shares)		<u>1,000,000</u>	<u>1,000,000</u>

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of changes in shareholders' equity
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Issued and fully paid up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Unappropriated	Total
				Statutory reserve	General reserve		
Balance as at 1 January 2021	1,000,000	188,796	556	100,000	192,000	317,340	1,798,692
Profit for the period	-	-	-	-	-	56,951	56,951
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	56,951	56,951
Balance as at 31 March 2021	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>374,291</u>	<u>1,855,643</u>
Balance as at 1 January 2022	1,000,000	188,796	556	100,000	192,000	223,925	1,705,277
Profit for the period	-	-	-	-	-	5,074	5,074
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	5,074	5,074
Balance as at 31 March 2022	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>228,999</u>	<u>1,710,351</u>

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of cash flows
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before tax	4,730	63,570
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	42,100	42,046
Reversal reduce cost of inventory to net realisable value	(672)	-
Unrealised gain on change in value of other current financial assets	(1)	(1)
Provision for long-term employee benefits	209	280
Finance income	(9)	(10)
Finance cost	<u>10,382</u>	<u>8,910</u>
Profit from operating activities before changes in operating assets and liabilities	56,739	114,795
Operating assets (increase) decrease		
Trade and other receivables	(69,167)	(95,905)
Inventories	(389,881)	(233,797)
Advance payments for purchase of goods	245,010	(47,284)
Other current assets	5,820	(5,538)
Other non-current financial assets	4	(27)
Operating liabilities increase (decrease)		
Trade and other payables	38,886	(38,716)
Other current liabilities	(1,577)	(8,689)
Employee benefit paid	<u>(2,244)</u>	<u>(720)</u>
Cash used in operating activities	(116,410)	(315,881)
Cash paid for interest expenses	<u>(10,310)</u>	<u>(7,774)</u>
Net cash used in operating activities	<u>(126,720)</u>	<u>(323,655)</u>

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited
Statement of cash flows (continued)
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities		
Acquisitions of Mangium sprout and planting cost	(923)	(1,991)
Acquisitions of property, plant and equipment	(19,623)	(23,875)
Acquisitions of intangible assets	<u>(327)</u>	<u>(19)</u>
Net cash used in investing activities	<u>(20,873)</u>	<u>(25,885)</u>
Cash flows from financing activities		
Net increase in short-term loans from financial institutions	194,041	346,538
Cash paid for long-term loans from financial institutions	(50,000)	-
Cash paid for principal portion of lease liabilities	(1,806)	(1,622)
Cash paid for interest expense of lease liabilities	<u>(121)</u>	<u>(173)</u>
Net cash from financing activities	<u>142,114</u>	<u>344,743</u>
Net decrease in cash and cash equivalents	(5,479)	(4,797)
Cash and cash equivalents at beginning of period	<u>36,739</u>	<u>26,502</u>
Cash and cash equivalents at end of period	<u><u>31,260</u></u>	<u><u>21,705</u></u>
Supplementary cash flows information		
Non-cash related transactions from investing activities		
Account payables from purchases of plant and equipment and intangible assets	1,049	1,614

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

Thai Agro Energy Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2022

1. General information

1.1 Corporate information

Thai Agro Energy Public Company Limited (“the Company”) was incorporated as a limited company and domiciled in Thailand and was transformed to be a public limited company under Thai laws on 18 October 2007. Its parent company is Lanna Resources Public Co., Ltd., which is a public limited company incorporated in Thailand. The Company operates in Thailand and is principally engaged in production and distribution of ethanol for fuel. The registered office of the Company is at 888/114, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

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

1.3 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

2. Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Company's financial statements.

3. Related party transactions

During the periods, the Company 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.

	For the three-month period ended 31 March		Pricing policy
	2022	2021	
	(Unit: Thousand Baht)		
<u>Transactions with related company</u>			
Purchase of goods	-	1,204	Market price

Directors and management's benefits

During the three-month periods ended 31 March 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

	For the three-month period ended 31 March	
	2022	2021
(Unit: Thousand Baht)		
Short-term employee benefits	5,321	4,736
Post-employment benefits	67	143
Total	<u>5,388</u>	<u>4,879</u>

4. Trade and other receivables

	31 March	31 December
	2022	2021
(Unit: Thousand Baht)		
Trade receivables	258,189	188,910
Other receivables	8,884	8,996
Interest receivable	9	-
Total trade and other receivables	<u>267,082</u>	<u>197,906</u>

(Unaudited but reviewed)

The outstanding balances of trade receivables as at 31 March 2022 amounting to Baht 258.2 million (31 December 2021: Baht 188.9 million) are undue trade receivables.

5. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2022	2,702,003
Acquisitions during the period - at cost	19,803
Depreciation for the period	<u>(40,035)</u>
Net book value as at 31 March 2022	<u><u>2,681,771</u></u>

As at 31 March 2022, the Company had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 390.4 million (31 December 2021: Baht 387.1 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 0.7 million were capitalised during the three-month period ended 31 March 2022 (31 December 2021: Baht 4.2 million). The weighted average rate of 2.1 - 2.4 percent per annum eligible for capitalisation (31 December 2021: 2.1 - 2.3 percent per annum).

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2022 amounting to approximately Baht 1,289.7 million (31 December 2021: Baht 1,314.3 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 7 and 9.

6. Right-of-use assets

Movements of right-of-use assets for the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2022	25,266
Depreciation for the period	<u>(1,912)</u>
Net book value as at 31 March 2022	<u><u>23,354</u></u>

(Unaudited but reviewed)

7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		31 March 2022	31 December 2021
	31 March 2022	31 December 2021		
Promissory notes	2.65 - 2.88	2.67 - 2.88	957,654	763,613
Total			957,654	763,613

Movements in short-term loans from financial institutions during the three-month period ended 31 March 2022 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2022	763,613
Add: Increase during the period	469,856
Less: Repayment during the period	(275,815)
Balance as at 31 March 2022	957,654

Credit facilities from a financial institution are secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 5.

As at 31 March 2022, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 802.3 million (31 December 2021: Baht 996.4 million).

8. Trade and other payables

(Unit: Thousand Baht)

	31 March 2022	31 December 2021
Trade payables - unrelated parties	88,318	53,385
Other payables - unrelated parties	14,947	10,869
Dividend payables - unrelated parties	3,587	3,532
Total trade and other payables	106,852	67,786

(Unaudited but reviewed)

9. Long-term loans

	(Unit: Thousand Baht)	
	31 March 2022	31 December 2021
Long-term loans from financial institution	765,932	815,860
Less: Current portion	(243,707)	(243,707)
Long-term loans from financial institution, net of current portion	<u>522,225</u>	<u>572,153</u>

Movements in the long-term loans account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2022	815,860
Add: Amortisation of transaction costs during the period	72
Less: Repayment during the period	<u>(50,000)</u>
Balance as at 31 March 2022	<u>765,932</u>

The loans are secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 5.

As at 31 March 2022 and 31 December 2021, the Company could not maintain certain financial ratio as specified in the loan agreement. However, the Company had negotiated with the bank, and had obtained a waiver letter for the condition to maintain certain financial ratios for the period ended 31 March 2022 from that bank on 27 October 2021.

As at 31 March 2022, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 11.2 million (31 December 2021: Baht 11.2 million).

10. Income tax

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

Tax income (tax expense) for the three-month periods ended 31 March 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)	
	For the three-month	
	<u>periods ended 31 March</u>	
	<u>2022</u>	<u>2021</u>
Current income tax:		
Interim corporate income tax charge	-	5,444
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(344)</u>	<u>1,175</u>
Tax income (tax expense) reported in the profit or loss	<u>(344)</u>	<u>6,619</u>

11. Earnings per share

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

12. Segment information

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

The Company is organised into business units based on its products and recognised revenue at the point in time. The Company has two reportable segments, which consist of ethanol segment and soil conditioner segment. However, at present the operation of soil conditioner segment is insignificant.

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 31 March 2022, the Company had capital commitments of approximately Baht 10.5 million relating to the construction of Vinasse Evaporation Plant and other projects (31 December 2021: Baht 13.0 million).

13.2 Lease and service commitments

- a) The Company has entered into several leases of low-value assets, short-term lease agreements and other services. As at 31 March 2022 and 31 December 2021, the Company had future lease and other service payments as below.

	(Unit: Million Baht)	
	31 March 2022	31 December 2021
	<u> </u>	<u> </u>
Payable:		
In up to 1 year	5.7	3.4
In over 1 year and up to 5 years	0.2	0.2

- b) The Company 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 Company shall pay power supply at the rate as stipulated in the agreement.

13.3 Guarantees

As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 5.0 million issued by the bank on behalf of the Company to guarantee contracted performance under the agreement for using of electric to the Provincial Electricity Authority (31 December 2021: Baht 5.0 million).

14. Litigation

On September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The Company 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 had been finished 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 Company 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.

(Unaudited but reviewed)

In addition, on 18 May 2018, the Company 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 Company has already made attachment of the claim.

On 13 August 2019, the Company received partial payment of Baht 0.2 million. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

15. Financial Instrument

15.1 Fair value of financial instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

15.2 Fair value hierarchy

As at 31 March 2022 and 31 December 2021, the Company had the financial asset that was measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 31 March 2022		As at 31 December 2021	
	Level 2	Total	Level 2	Total
Financial asset measured at fair value				
Investment in open-end fund	1,070	1,070	1,069	1,069

During the period, there was no transfers within the fair value hierarchy.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 9 May 2022.