

Thai Agro Energy Public Company Limited  
Review report and interim financial information  
For the three-month and nine-month periods ended  
30 September 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 30 September 2022, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim 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: 7 November 2022

**Thai Agro Energy Public Company Limited****Statement of financial position****As at 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		23,437	36,739
Trade and other receivables	4	189,323	197,906
Inventories		185,393	104,564
Advance payments for purchase of goods		42,790	286,970
Other current financial asset		1,072	1,069
Other current assets		2,327	9,404
<b>Total current assets</b>		<u>444,342</u>	<u>636,652</u>
<b>Non-current assets</b>			
Biological assets		14,334	11,577
Property, plant and equipment	5	2,638,057	2,702,003
Right-of-use-assets	6	19,529	25,266
Intangible assets		2,130	2,245
Deferred tax assets		37,395	19,702
Other non-current financial assets		791	795
<b>Total non-current assets</b>		<u>2,712,236</u>	<u>2,761,588</u>
<b>Total assets</b>		<u><u>3,156,578</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 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	7	808,644	763,613
Trade and other payables	8	22,204	67,786
Current portion of liabilities lease agreements		6,847	7,088
Current portion of long-term loans	9	243,707	243,707
Provision for short-term employee benefits		-	2,259
Other current liabilities		18,517	8,862
<b>Total current liabilities</b>		<u>1,099,919</u>	<u>1,093,315</u>
<b>Non-current liabilities</b>			
Liabilities under agreements - net of current portion		14,154	19,283
Long-term loans - net of current portion	9	400,372	572,153
Provision for long-term employee benefits		8,864	8,212
<b>Total non-current liabilities</b>		<u>423,390</u>	<u>599,648</u>
<b>Total liabilities</b>		<u>1,523,309</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 30 September 2022**

(Unit: Thousand Baht)

	<u>30 September 2022</u>	<u>31 December 2021</u>
	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>		
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>151,917</u>	<u>223,925</u>
<b>Total shareholders' equity</b>	<u>1,633,269</u>	<u>1,705,277</u>
<b>Total liabilities and shareholders' equity</b>	<u>3,156,578</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 and nine-month periods ended 30 September 2022**

	(Unit: Thousand Baht except loss per share expressed in Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
Note	2022	2021	2022	2021
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	542,110	465,679	1,493,725	1,731,600
Other income	468	26	769	519
<b>Total revenues</b>	<u>542,578</u>	<u>465,705</u>	<u>1,494,494</u>	<u>1,732,119</u>
<b>Expenses</b>				
Cost of sales	522,802	452,717	1,438,919	1,643,663
Selling and distribution expenses	4,593	5,616	12,927	15,239
Administrative expenses	36,213	24,384	100,297	57,840
<b>Total expenses</b>	<u>563,608</u>	<u>482,717</u>	<u>1,552,143</u>	<u>1,716,742</u>
<b>Operating profit (loss)</b>	(21,030)	(17,012)	(57,649)	15,377
Finance income	5	9	23	33
Finance cost	(10,965)	(9,115)	(32,075)	(27,721)
<b>Loss before income tax</b>	(31,990)	(26,118)	(89,701)	(12,311)
Tax income (tax expense)	10 6,337	(1,531)	17,693	(1,244)
<b>Loss for the period</b>	<u>(25,653)</u>	<u>(27,649)</u>	<u>(72,008)</u>	<u>(13,555)</u>
<b>Other comprehensive income</b>				
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>(25,653)</u>	<u>(27,649)</u>	<u>(72,008)</u>	<u>(13,555)</u>
<b>Loss per share</b>				
Basic loss per share	11			
Loss (Baht)	<u>(0.026)</u>	<u>(0.028)</u>	<u>(0.072)</u>	<u>(0.014)</u>
Weighted average number of ordinary shares (Thousand shares)	<u>1,000,000</u>	<u>1,000,000</u>	<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 nine-month period ended 30 September 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		
<b>Balance as at 1 January 2021</b>	1,000,000	188,796	556	100,000	192,000	317,340	1,798,692
Loss for the period	-	-	-	-	-	(13,555)	(13,555)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(13,555)	(13,555)
Dividend paid (Note 12)	-	-	-	-	-	(34,999)	(34,999)
<b>Balance as at 30 September 2021</b>	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>268,786</u>	<u>1,750,138</u>
<b>Balance as at 1 January 2022</b>	1,000,000	188,796	556	100,000	192,000	223,925	1,705,277
Loss for the period	-	-	-	-	-	(72,008)	(72,008)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(72,008)	(72,008)
<b>Balance as at 30 September 2022</b>	<u>1,000,000</u>	<u>188,796</u>	<u>556</u>	<u>100,000</u>	<u>192,000</u>	<u>151,917</u>	<u>1,633,269</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 nine-month period ended 30 September 2022**

(Unit: Thousand Baht)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Loss before tax	(89,701)	(12,311)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	127,134	127,694
Reversal of reduction of inventory to net realisable value	(672)	-
Unrealised gain on change in value of other current financial assets	(3)	(3)
Provision for long-term employee benefits	637	850
Finance income	(23)	(33)
Finance cost	<u>32,233</u>	<u>27,723</u>
Profit from operating activities before changes in operating assets and liabilities	69,605	143,920
Operating assets (increase) decrease		
Trade and other receivables	8,588	(11,900)
Inventories	(80,157)	(200,706)
Advance payments for purchase of goods	244,180	181,176
Other current assets	7,077	7,474
Other non-current financial assets	4	(27)
Operating liabilities increase (decrease)		
Trade and other payables	(47,829)	(81,566)
Other current liabilities	9,878	7,604
Employee benefit paid	<u>(2,244)</u>	<u>(720)</u>
Cash from operating activities	209,102	45,255
Cash received from interest income	18	24
Paid for interest expenses	<u>(31,902)</u>	<u>(27,223)</u>
<b>Net cash from operating activities</b>	<u>177,218</u>	<u>18,056</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 nine-month period ended 30 September 2022**

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities</b>		
Acquisitions of Mangium sprout and planting cost	(2,757)	(4,279)
Acquisitions of property, plant and equipment	(54,761)	(71,293)
Acquisitions of intangible assets	<u>(328)</u>	<u>(1,153)</u>
<b>Net cash used in investing activities</b>	<u>(57,846)</u>	<u>(76,725)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans from financial institutions	45,031	(327,492)
Cash received from long-term loans from financial institution	-	499,365
Cash paid for long-term loans from financial institutions	(172,000)	(72,000)
Cash paid for principal portion of lease liabilities	(5,370)	(5,256)
Cash paid for interest expense of lease liabilities	(335)	(456)
Cash paid for dividend	<u>-</u>	<u>(34,709)</u>
<b>Net cash from (used in) financing activities</b>	<u>(132,674)</u>	<u>59,452</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(13,302)	783
Cash and cash equivalents at beginning of period	<u>36,739</u>	<u>26,502</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>23,437</u></u>	<u><u>27,285</u></u>
<b>Supplementary cash flows information</b>		
Non-cash related transactions from investing activities		
Account payables from purchases of plant and equipment and intangible assets	3,117	768

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 and nine-month periods ended 30 September 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 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.

(Unaudited but reviewed)

### 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.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing policy
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
	<u>Transactions with parent company</u>				
Dividend paid	-	5,100	-	17,850	Declared rate
<u>Transactions with related company</u>					
Purchase of goods	-	-	-	1,204	Market price

#### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Short-term employee benefits	5,068	4,608	15,226
Post-employment benefits	66	143	200	429
Total	<u>5,134</u>	<u>4,751</u>	<u>15,426</u>	<u>15,604</u>

### 4. Trade and other receivables

(Unit: Thousand Baht)

	30 September	31 December
	<u>2022</u>	<u>2021</u>
Trade receivables	175,765	188,910
Other receivables	13,558	8,996
Total trade and other receivables	<u>189,323</u>	<u>197,906</u>

The outstanding balances of trade receivables as at 30 September 2022 amounting to Baht 175.8 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 nine-month period ended 30 September 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2022	2,702,003
Acquisitions during the period - at cost	57,008
Depreciation for the period	<u>(120,954)</u>
Net book value as at 30 September 2022	<u><u>2,638,057</u></u>

As at 30 September 2022, the Company had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 392.8 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 2.1 million were capitalised during the nine-month period ended 30 September 2022 (31 December 2021: Baht 4.2 million). The weighted average rate of 2.1 - 2.9 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 30 September 2022 amounting to approximately Baht 1,240.8 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 nine-month period ended 30 September 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2022	25,266
Depreciation for the period	<u>(5,737)</u>
Net book value as at 30 September 2022	<u><u>19,529</u></u>

(Unaudited but reviewed)

## 7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		30 September 2022	31 December 2021
	30 September 2022	31 December 2021		
Promissory notes	2.73 - 3.52	2.67 - 2.88	808,644	763,613
Total			808,644	763,613

Movements in short-term loans from financial institutions during the nine-month period ended 30 September 2022 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2022	763,613
Add: Increase during the period	1,959,357
Less: Repayment during the period	<u>(1,914,326)</u>
Balance as at 30 September 2022	<u>808,644</u>

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 30 September 2022, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 551.4 million (31 December 2021: Baht 996.4 million).

## 8. Trade and other payables

(Unit: Thousand Baht)

	30 September 2022	31 December 2021
Trade payables - unrelated parties	5,842	53,385
Other payables - unrelated parties	12,775	10,869
Dividend payables - unrelated parties	3,587	3,532
Total trade and other payables	<u>22,204</u>	<u>67,786</u>

(Unaudited but reviewed)

## 9. Long-term loans

	(Unit: Thousand Baht)	
	30 September 2022	31 December 2021
Long-term loans from financial institution	644,079	815,860
Less: Current portion	(243,707)	(243,707)
Long-term loans from financial institution, net of current portion	<u>400,372</u>	<u>572,153</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2022 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2022	815,860
Add: Amortisation of transaction costs during the period	219
Less: Repayment during the period	<u>(172,000)</u>
Balance as at 30 September 2022	<u>644,079</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 30 September 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 from that bank on 3 August 2022 and 27 October 2021, respectively.

As at 30 September 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 loss before income tax for the periods, using the estimated effective tax rate for the year.

(Unaudited but reviewed)

(Tax income) tax expense for the three-month and nine-month periods ended 30 September 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(6,337)</u>	<u>1,531</u>	<u>(17,693)</u>	<u>1,244</u>
<b>(Tax income) tax expense reported in the profit or loss</b>	<u>(6,337)</u>	<u>1,531</u>	<u>(17,693)</u>	<u>1,244</u>

## 11. Loss per share

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

## 12. Dividend paid

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<b><u>2021</u></b>				
Final dividends in respect of operation income from BOI promoted operation for the period from 1 July 2020 to 31 December 2020	Annual General Meeting of the shareholders on 22 April 2021	25,000	0.025	21 May 2021
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 January 2021 to 30 June 2021	Board of Directors Meeting on 19 August 2021	9,999	0.010	17 September 2021
Total		<u>34,999</u>	<u>0.035</u>	

**13. 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.

**14. Commitments and contingent liabilities****14.1 Capital commitments**

As at 30 September 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).

**14.2 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 30 September 2022 and 31 December 2021, the Company had future lease and other service payments as below.

	(Unit: Million Baht)	
	30 September 2022	31 December 2021
Payable:		
In up to 1 year	3.7	3.4
In over 1 year and up to 5 years	0.1	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.

**14.3 Guarantees**

As at 30 September 2022, there were outstanding bank guarantees of approximately Baht 20.7 million issued by the bank on behalf of the Company to guarantee contracted performance under the agreement for rice supply agreement with the Public Warehouse Organization Ministry of Commerce and using of electric to the Provincial Electricity Authority (31 December 2021: Baht 5.0 million).



## **15. 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.

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. In addition, on 21 January 2022, the court ordered the debtor, a government agency, to submit the funds as they had been withheld to the Company. In October 2022, the Company proceeded with an enforcement action by filing an application requesting to attach the debtor's bank deposits in full in accordance with the writ of execution. Currently, the Company is awaiting the remittance of the funds in accordance with the enforcement procedure. However, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

## **16. Financial Instrument**

### **16.1 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.

(Unaudited but reviewed)

## 16.2 Fair value hierarchy

As at 30 September 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 30 September 2022		As at 31 December 2021	
	Level 2	Total	Level 2	Total
<b>Financial asset measured at fair value</b>				
Investment in open-end fund	1,072	1,072	1,069	1,069

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

## 17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 7 November 2022.