

Thai Agro Energy Public Company Limited
Report and financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Thai Agro Energy Public Company Limited

I have audited the accompanying financial statements of Thai Agro Energy Public Company Limited, which comprise the statement of financial position as at 31 December 2015, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Agro Energy Public Company Limited as at 31 December 2015, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 12 February 2016

Thai Agro Energy Public Company Limited

Statement of financial position

As at 31 December 2015

		(Unit: Baht)	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets			
Current assets			
Cash and cash equivalents	7	9,101,662	22,261,356
Current investments - open fund		779,178	434,894
Trade and other receivables	8	201,708,246	194,996,134
Inventories	9	137,609,210	113,466,673
Advance payments for purchase of goods	10	578,127,841	629,235,285
Other current assets		<u>20,639,500</u>	<u>36,227,423</u>
Total current assets		<u>947,965,637</u>	<u>996,621,765</u>
Non-current assets			
Property, plant and equipment	11	2,286,816,051	2,372,891,730
Intangible assets	12	2,956,116	2,037,142
Deferred tax assets	21	2,815,148	12,955,408
Other non-current assets		<u>723,040</u>	<u>498,740</u>
Total non-current assets		<u>2,293,310,355</u>	<u>2,388,383,020</u>
Total assets		<u><u>3,241,275,992</u></u>	<u><u>3,385,004,785</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 December 2015

(Unit: Baht)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	13	964,934,032	963,146,161
Trade and other payables	14	67,908,352	133,986,809
Current portion of liabilities under finance lease agreements	15	1,449,412	915,810
Current portion of long-term loan	16	180,000,000	180,000,000
Income tax payable		2,497,507	-
Provision for short-term employee benefits	17	2,758,341	2,540,748
Other current liabilities		<u>15,262,222</u>	<u>12,171,108</u>
Total current liabilities		<u>1,234,809,866</u>	<u>1,292,760,636</u>
Non-current liabilities			
Liabilities under finance lease agreements - net of current portion	15	4,091,798	4,326,054
Long-term loan - net of current portion	16	297,757,191	477,757,191
Provision for long-term employee benefits	17	<u>1,069,914</u>	<u>989,730</u>
Total non-current liabilities		<u>302,918,903</u>	<u>483,072,975</u>
Total liabilities		<u>1,537,728,769</u>	<u>1,775,833,611</u>
Shareholders' equity			
Share capital	18		
Registered			
1,000,000,000 ordinary shares of Baht 1 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up			
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000
Share premium		188,795,985	188,795,985
Capital reserve for share-based payment transactions		556,451	556,451
Retained earnings			
Appropriated - statutory reserve	19	100,000,000	100,000,000
Unappropriated		<u>414,194,787</u>	<u>319,818,738</u>
Total shareholders' equity		<u>1,703,547,223</u>	<u>1,609,171,174</u>
Total liabilities and shareholders' equity		<u>3,241,275,992</u>	<u>3,385,004,785</u>

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

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Directors
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Thai Agro Energy Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Profit or loss:			
Revenues			
Sales		2,600,323,060	2,496,279,049
Other income		<u>2,247,906</u>	<u>4,146,564</u>
Total revenues		<u>2,602,570,966</u>	<u>2,500,425,613</u>
Expenses			
Cost of sales	20	2,244,292,468	2,165,523,691
Selling expenses		9,931,559	7,376,690
Administrative expenses		<u>38,296,969</u>	<u>42,008,812</u>
Total expenses		<u>2,292,520,996</u>	<u>2,214,909,193</u>
Profit before finance cost and income tax expenses		310,049,970	285,516,420
Finance cost		<u>(50,058,915)</u>	<u>(57,258,954)</u>
Profit before income tax expenses		259,991,055	228,257,466
Income tax expenses	21	<u>(15,717,198)</u>	<u>(8,950,848)</u>
Profit for the year		<u>244,273,857</u>	<u>219,306,618</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain		127,740	-
Less: Income tax effect	21	<u>(25,548)</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>102,192</u>	<u>-</u>
Other comprehensive income for the year		<u>102,192</u>	<u>-</u>
Total comprehensive income for the year		<u>244,376,049</u>	<u>219,306,618</u>
Earnings per share			
Basic earnings per share	23		
Profit for the year		<u>0.24</u>	<u>0.24</u>

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

Thai Agro Energy Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2015

(Unit: Baht)

			Capital reserve	Retained earnings		
	Issued and		for share-based	Appropriated -		
	fully paid up		payment	statutory		
Note	share capital	Share premium	transactions	reserve	Unappropriated	Total
Balance as at 1 January 2014	800,000,000	-	556,451	100,000,000	200,512,120	1,101,068,571
Profit for the year	-	-	-	-	219,306,618	219,306,618
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	219,306,618	219,306,618
Share capital issued	18 200,000,000	188,795,985	-	-	-	388,795,985
Dividend paid	26 -	-	-	-	(100,000,000)	(100,000,000)
Balance as at 31 December 2014	<u>1,000,000,000</u>	<u>188,795,985</u>	<u>556,451</u>	<u>100,000,000</u>	<u>319,818,738</u>	<u>1,609,171,174</u>
Balance as at 1 January 2015	1,000,000,000	188,795,985	556,451	100,000,000	319,818,738	1,609,171,174
Profit for the year	-	-	-	-	244,273,857	244,273,857
Other comprehensive income for the year	-	-	-	-	102,192	102,192
Total comprehensive income for the year	-	-	-	-	244,376,049	244,376,049
Dividend paid	26 -	-	-	-	(150,000,000)	(150,000,000)
Balance as at 31 December 2015	<u>1,000,000,000</u>	<u>188,795,985</u>	<u>556,451</u>	<u>100,000,000</u>	<u>414,194,787</u>	<u>1,703,547,223</u>

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

Thai Agro Energy Public Company Limited**Statement of cash flows****For the year ended 31 December 2015**

(Unit: Baht)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Profit before tax	259,991,055	228,257,466
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	121,923,096	105,821,621
Loss on write-off machinery, equipments and intangible assets	289,544	-
Gain on sales of property, plant and equipment	(558,614)	(677,238)
Gain on sales of current investments	(344,284)	(434,705)
Unrealised gain on current investments	-	(189)
Provision for long-term employee benefits	425,517	867,405
Interest income	(173,522)	(263,488)
Interest expenses	<u>49,861,426</u>	<u>57,086,321</u>
Profit from operating activities before changes in operating assets and liabilities	431,414,218	390,657,193
Operating assets (increase) decrease		
Trade and other receivables	(11,584,347)	(13,307,561)
Inventories	(24,142,537)	(29,316,915)
Advance payment for purchase of goods	51,107,444	(262,352,315)
Other current assets	15,651,191	(19,084,453)
Other non-current assets	(224,300)	(41,340)
Operating liabilities increase (decrease)		
Trade and other payables	(56,789,414)	62,229,548
Other current liabilities	3,206,936	2,631,395
Provision for long-term employee benefits	<u>-</u>	<u>(2,282,160)</u>
Cash from operating activities	408,639,191	129,133,392
Cash received from interest income	173,959	264,608
Cash paid for interest expenses	(49,502,593)	(59,791,011)
Cash paid for income tax	<u>(3,104,979)</u>	<u>-</u>
Net cash from operating activities	<u>356,205,578</u>	<u>69,606,989</u>

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

Thai Agro Energy Public Company Limited

Statement of cash flows (continued)

For the year ended 31 December 2015

(Unit: Baht)

	<u>2015</u>	<u>2014</u>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(43,081,763)	(316,391,894)
Acquisitions of current investments	(692,000,000)	(601,000,000)
Acquisitions of intangible assets	(1,722,100)	(909,589)
Proceeds from sales of property, plant and equipment	558,621	2,134,353
Proceeds from sales of current investments	692,000,000	601,000,000
Cash receipt from government grants	<u>4,871,798</u>	<u>8,615,394</u>
Net cash used in investing activities	<u>(39,373,444)</u>	<u>(306,551,736)</u>
Cash flows from financing activities		
Increase in short-term loans from financial institution	1,787,871	218,463,253
Cash received from additional ordinary shares	-	388,795,985
Repayment of long-term loan	(180,000,000)	(180,000,000)
Cash paid for liabilities under finance lease agreements	(1,779,699)	(42,857)
Cash paid for dividend	<u>(150,000,000)</u>	<u>(180,000,000)</u>
Net cash from (used in) financing activities	<u>(329,991,828)</u>	<u>247,216,381</u>
Net increase (decrease) in cash and cash equivalents	(13,159,694)	10,271,634
Cash and cash equivalents at beginning of year	<u>22,261,356</u>	<u>11,989,722</u>
Cash and cash equivalents at end of year (Note 7)	<u><u>9,101,662</u></u>	<u><u>22,261,356</u></u>
Supplemental cash flows information		
Non-cash related transaction from investing activities		
Accrued receipt from government grants	-	(4,871,798)
Decrease in accounts payables from purchases of equipment and intangible assets	(9,289,043)	(35,508,146)
Acquisitions of equipment under finance lease agreements	1,541,122	5,195,000
Non-cash related transaction from financing activities		
Decrease in dividend payable	-	(80,000,000)

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

Thai Agro Energy Public Company Limited

Notes to financial statements

For the year ended 31 December 2015

1. General 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.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and its presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, 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.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company has changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income. However, the changes have no impact on the statement of financial position as at 31 December 2014, and the statement of comprehensive income for the year ended 31 December 2014, presented as comparative information.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 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.

4.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities, which is determined from their net asset value, are recorded in profit or loss.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.4 Trade receivables

Trade receivables 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 experiences and analysis of debt aging.

4.5 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost (under the weighted average method) and net realisable value. Cost of finished goods and work in process includes cost of material, labour and overheads. Net realisable value is selling price in normal course of business less other costs incurred to sell the goods.

Supplies are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

4.6 Property, plant and equipment and depreciation

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

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

Buildings and amenities	5 - 30	years
Machinery and equipment	5 - 30	years
Office equipment	3, 5, 15	years
Motor vehicles	5	years

No depreciation is provided for land, land improvement, and assets under construction and installation.

Depreciation is included in determining income.

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 profit or loss when the asset is derecognised.

4.7 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.

4.8 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 deduction to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

4.9 Intangible assets

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 for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5, 10 years

4.10 Related party transactions

Related parties comprise enterprises and individuals 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 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.

4.11 Long-term leases

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.

4.12 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates 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.

4.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 Company 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 profit or loss.

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as defined benefit plans.

The obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company 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.

4.16 Income tax

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

Current tax

The Company provides income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legalisation. Corporate income tax rate is 20 percent for non-promoted operations and exemption from corporate income tax for promoted operations.

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

4.17 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 Company 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 Company measures fair value using valuation techniques 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 the category of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable 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 Company determines 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.

5. 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:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

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.

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 estimated 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 in the period 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.

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.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, 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 agreed upon between the Company and those related parties.

	<u>2015</u>	<u>2014</u>	<u>Transfer Pricing Policy</u>
(Unit: Baht)			
<u>Transactions with parent company</u>			
Dividend paid	76,500,000	51,000,000	Declared rate

As at 31 December 2015 and 2014, there are no outstanding balance between the Company and related companies.

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to its directors and management as below.

	<u>2015</u>	<u>2014</u>
Short-term employee benefits	25,290,422	21,737,441
Post-employment benefits	936,178	423,717
Total	<u>26,226,600</u>	<u>22,161,158</u>

7. Cash and cash equivalents

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Cash	36,857	42,094
Bank deposits	9,064,805	22,219,262
Total	<u>9,101,662</u>	<u>22,261,356</u>

As at 31 December 2015, bank deposits in savings account carried interests between 0.37 and 0.38 percent per annum (2014: between 0.37 and 0.50 percent per annum).

8. Trade and other receivables

The outstanding balances of trade and other receivables as at 31 December 2015 amounting to Baht 200.3 million (2014: Baht 184.2 million) are undue trade accounts receivable. The remaining balances are other receivables.

9. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods - Ethanol	15,618,192	10,044,359	-	-	15,618,192	10,044,359
Work in process	16,789,115	12,761,491	-	-	16,789,115	12,761,491
Raw materials - Molasses	95,423,626	81,944,123	-	-	95,423,626	81,944,123
Supplies	<u>9,778,277</u>	<u>8,716,700</u>	-	-	<u>9,778,277</u>	<u>8,716,700</u>
Total	<u>137,609,210</u>	<u>113,466,673</u>	-	-	<u>137,609,210</u>	<u>113,466,673</u>

10. Advance payments for purchase of goods

During the years, the Company had significant business transactions with local companies in respect of purchases of molasses and cassava chips under the purchase of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 31 December 2015, the Company had paid advance payments for purchase of molasses and cassava chips amounting to Baht 578.1 million (2014: Baht 629.2 million).

11. Property, plant and equipment

(Unit: Baht)

	Assets under construction and							Total
	Land	Land improvement	Building and amenities	Machineries and equipment	Office equipment	Motor vehicles	installation	
Cost								
1 January 2014	156,739,865	56,785,878	255,962,923	1,666,970,388	16,788,081	25,658,941	469,674,835	2,648,580,911
Additions	3,701,199	-	219,800	4,498,845	1,054,880	5,344,695	271,313,329	286,132,748
Disposal	(1,445,800)	-	-	-	-	(665,477)	-	(2,111,277)
Transfers in (out)	-	-	16,606	150,329,506	1,126,500	-	(151,472,612)	-
Receipts of government grants	-	-	-	(13,487,192)	-	-	-	(13,487,192)
31 December 2014	158,995,264	56,785,878	256,199,329	1,808,311,547	18,969,461	30,338,159	589,515,552	2,919,115,190
Additions	2,291,638	-	7,308	8,168,603	1,338,028	1,623,037	21,888,878	35,317,492
Disposal/write-off	-	-	(86,435)	(2,779,804)	(1,477,306)	(4,398,205)	-	(8,741,750)
Transfers in (out)	-	-	-	213,784,237	-	-	(213,784,237)	-
31 December 2015	161,286,902	56,785,878	256,120,202	2,027,484,583	18,830,183	27,562,991	397,620,193	2,945,690,932
Accumulated depreciation								
1 January 2014	-	-	44,305,734	362,022,484	12,862,921	22,643,150	-	441,834,289
Depreciation for the year	-	-	9,957,302	91,583,859	1,834,625	1,667,547	-	105,043,333
Depreciation on disposal	-	-	-	-	-	(654,162)	-	(654,162)
31 December 2014	-	-	54,263,036	453,606,343	14,697,546	23,656,535	-	546,223,460
Depreciation for the year	-	-	9,882,758	106,892,909	2,041,021	2,286,947	-	121,103,635
Depreciation on disposal/ write-off	-	-	(54,765)	(2,563,036)	(1,440,081)	(4,394,332)	-	(8,452,214)
31 December 2015	-	-	64,091,029	557,936,216	15,298,486	21,549,150	-	658,874,881
Net book value								
31 December 2014	158,995,264	56,785,878	201,936,293	1,354,705,204	4,271,915	6,681,624	589,515,552	2,372,891,730
31 December 2015	161,286,902	56,785,878	192,029,173	1,469,548,367	3,531,697	6,013,841	397,620,193	2,286,816,051
Depreciation for the year								
2014 (Baht 101 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)								105,043,333
2015 (Baht 120 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)								121,103,635

As at 31 December 2015, the Company have motor vehicles under financial lease agreement with net book value amounting to Baht 5.5 million (2014: Baht 5.0 million).

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2015 amounting to approximately Baht 1,143.4 million (2014: Baht 1,183.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 13 and 16.

During 2014, the Company received the subsidy of Baht 8.6 million from the subsidy agreement with the Energy Conservation Promotion Fund under “Biogas Technology for Industry Project”. In addition, the Company recorded accrued receipt from the subsidy of Baht 4.9 million from the subsidy agreement with the Energy Conservation Promotion Fund under “Biogas Technology for Industry Project”. The Company received such subsidy on 7 January 2015. However, the Company is required to comply with the terms under the aforementioned agreements.

As at 31 December 2015, certain machineries and equipment, office equipment and motor vehicles have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 59.6 million (2014: Baht 49.3 million).

12. Intangible assets

The net book value of intangible assets which are computer software as at 31 December 2015 and 2014 is presented below.

	(Unit: Baht)
As at 31 December 2015	
Cost	7,720,240
Less: Accumulated amortisation	<u>(4,764,124)</u>
Net book value	<u><u>2,956,116</u></u>
As at 31 December 2014	
Cost	6,250,904
Less: Accumulated amortisation	<u>(4,213,762)</u>
Net book value	<u><u>2,037,142</u></u>

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	2,037,142	1,959,841
Additions	1,738,450	855,589
Disposals	(15)	-
Amortisation for the year	<u>(819,461)</u>	<u>(778,288)</u>
Net book value at end of year	<u><u>2,956,116</u></u>	<u><u>2,037,142</u></u>

13. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Promissory notes	3.10 - 3.30	3.60 - 3.90	862,956,500	831,210,004
Trust receipts	3.10	3.52	101,977,532	131,936,157
Total			<u>964,934,032</u>	<u>963,146,161</u>

Short-term loans from financial institutions is secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 11.

14. Trade and other payables

(Unit: Baht)

	<u>2015</u>	<u>2014</u>
Trade payables	58,170,714	119,441,573
Other payables	9,737,638	14,545,236
Total trade and other payables	<u>67,908,352</u>	<u>133,986,809</u>

15. Liabilities under finance lease agreements

(Unit: Baht)

	<u>2015</u>	<u>2014</u>
Liabilities under finance lease agreements	6,580,570	6,678,883
Less: Deferred interest expenses	(1,039,360)	(1,437,019)
Total	5,541,210	5,241,864
Less: Portion due within one year	(1,449,412)	(915,810)
Liabilities under finance lease agreements - net of current portion	<u>4,091,798</u>	<u>4,326,054</u>

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)		
	As at 31 December 2015		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	1,883,589	4,696,981	6,580,570
Deferred interest expenses	(434,177)	(605,183)	(1,039,360)
Present value of future minimum lease payments	<u>1,449,412</u>	<u>4,091,798</u>	<u>5,541,210</u>

	(Unit: Baht)		
	As at 31 December 2014		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	1,456,377	5,222,506	6,678,883
Deferred interest expenses	(540,567)	(896,452)	(1,437,019)
Present value of future minimum lease payments	<u>915,810</u>	<u>4,326,054</u>	<u>5,241,864</u>

16. Long-term loan

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Long-term loan	477,757,191	657,757,191
Less: Current portion	<u>(180,000,000)</u>	<u>(180,000,000)</u>
Long-term loan - net of current portion	<u>297,757,191</u>	<u>477,757,191</u>

Movements in the long-term loan during the year ended 31 December 2015 are summarised below.

	(Unit: Thousand Baht)
Balance as at 31 December 2014	657,757
Less: Repayment during the year	<u>(180,000)</u>
Balance as at 31 December 2015	<u><u>477,757</u></u>

On 6 November 2013, the Company entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with an another local bank. On 18 December 2013, the Company withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest rate at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year. The loan is repayable within 5 years in 10 semi-annually installments of Baht 90 million during the first to ninth year, and remaining balance is repayable in the tenth year. The repayment period is from June 2014 to December 2018. The loan is secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 11.

Subsequently, on 7 March 2014, the Company executed a memorandum attached to the long-term loan agreement made with the bank to revise certain conditions and debt service coverage ratios.

The loan agreement contains several covenants which, among other things, require the Company to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement.

As at 31 December 2015, the Company could maintain certain financial ratios as specified in the long-term loan agreement (2014: the Company could maintain certain financial ratios as specified in the memorandum attached to the long-term loan agreement).

17. Provision for long-term employee benefits

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

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Provision for long-term employee benefits at beginning of year	3,530,478	4,945,233
Included in profit or loss:		
Current service cost	300,764	701,230
Interest cost	124,753	166,175
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(591,168)	-
Financial assumptions changes	582,872	-
Experience adjustments	(119,444)	-
Benefits paid during the year	-	(2,282,160)
Provision for long-term employee benefits at end of year	<u>3,828,255</u>	<u>3,530,478</u>
Provision for long-term employee benefits		
Current	2,758,341	2,540,748
Non-current	1,069,914	989,730
	<u>3,828,255</u>	<u>3,530,478</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Cost of sales	213,102	634,220
Selling and administrative expenses	212,415	233,185
Total expenses recognised in profit or loss	<u>425,517</u>	<u>867,405</u>

The Company expect to pay Baht 2.8 million of long-term employee benefits during the next year (2014: Baht 2.5 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 14 years (2014: 28 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2015</u>	<u>2014</u>
Discount rate	2.9, 3.0	4.9
Salary increase rate	5.7, 7.6	4.7, 6.6
Turnover rate	8.0 - 34.0	10.0 - 29.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Baht)	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(79,151)	86,010
Salary increase rate	72,136	(66,723)
Turnover rate	(84,842)	93,464

18. Share capital

18.1 During 21 - 23 May 2014, the Company offered 105 million ordinary shares, with a par value of Baht 1 each, at a price of Baht 2 each through the existing shareholders of Lanna Resources Public Co., Ltd., according to the proportion of their shareholdings in Lanna Resources Public Co., Ltd.

18.2 During 28 - 30 May 2014, the Company offered 95 million ordinary shares, with a par value of Baht 1 each, at a price of Baht 2 each through the Initial Public Offering. The Company registered the increase of its issued and paid-up share capital from Baht 800 million (800 million ordinary shares with a per value of Baht 1 each) to Baht 1,000 million (1,000 million ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on 2 June 2014, and the Stock Exchange of Thailand approved the 1,000 million ordinary shares with a par value of Baht 1 each as listed securities for trading, effective from 5 June 2014. The Company incurred expenses relating to the share offering totaling Baht 11.2 million, which were presented as a deduction from the share premium.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to 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 its registered share capital. The statutory reserve is not available for dividend distribution.

Presently, the Company has fully set aside a statutory reserve.

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Raw materials and consumables used	2,011,449,753	1,900,821,959
Changes in inventories of finished goods and work in process	9,601,456	8,184,460
Depreciation and amortisation	121,923,096	105,821,621
Salaries, wages and other employee benefits	81,659,787	70,216,209
Electricity and fuel expenses	25,269,646	65,858,361
Repair and maintenance expenses	14,558,825	14,297,198

21. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Current income tax:		
Current income tax charge	5,602,486	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>10,114,712</u>	<u>8,950,848</u>
Income tax expense reported in the statements of comprehensive income	<u><u>15,717,198</u></u>	<u><u>8,950,848</u></u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Deferred tax on Actuarial gain	<u>25,548</u>	<u>-</u>

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

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Accounting profit before tax	<u>259,991,055</u>	<u>228,257,466</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	51,998,211	45,651,493
Effects of:		
Promotional privileges (Note 22)	(38,047,947)	(27,533,986)
Non-deductible expenses	716,771	197,067
Recognition of tax loss carried forward of the previous year	-	(8,634,914)
Additional expense deductions allowed	(15,045)	(13,781)
Others	1,065,208	(715,031)
Total	<u>(36,281,013)</u>	<u>(36,700,645)</u>
Income tax expenses reported in the statement of comprehensive income	<u>15,717,198</u>	<u>8,950,848</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Statements of financial position	
	<u>2015</u>	<u>2014</u>
Deferred tax assets		
Government grants	4,731,913	5,985,821
Financial leases	1,108,242	37,038
Provision for short-term employee benefits	202,262	217,982
Provision for long-term employee benefits	219,597	197,946
Tax loss carried forward	-	9,937,939
Total	<u>6,262,014</u>	<u>16,376,726</u>
Deferred tax liabilities		
Accumulated depreciation - Machineries	3,421,318	3,421,318
Actuarial gain	25,548	-
Total	<u>3,446,866</u>	<u>3,421,318</u>
Deferred tax assets, net	<u>2,815,148</u>	<u>12,955,408</u>

22. Promotional privileges

The Company has received the promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment as follows:

Certificate No.	1760(2)/2546	2078(9)/2551
Date	26 December 2003	19 November 2008
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)
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)	8 years (will expire on 1 April 2020)
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	1 year
3. Date of first earning operating income	31 January 2005	2 April 2012

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

The Company's operating revenues for the years ended 31 December 2015 and 2014 were domestic sales, which were divided between promoted and non-promoted operations are summarised below:

	(Unit: Baht)	
	<u>2015</u>	<u>2014</u>
Revenues from sales		
Promoted operations	1,646,948,656	1,514,152,500
Non-promoted operations	953,374,404	982,126,549
Total	<u>2,600,323,060</u>	<u>2,496,279,049</u>

23. Earnings per share

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

	<u>2015</u>	<u>2014</u>
Profit for the year (Baht)	244,273,857	219,306,618
Weighted average number of ordinary shares (shares)	1,000,000,000	916,712,329
Earnings per share (Baht)	0.24	0.24

24. 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 one main reportable operating segment of the Company is production and distribution of ethanol-for-fuel and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the year 2015, the Company has revenue from 3 major customers in amount of Baht 977 million, Baht 863 million and Baht 566 million (2014: revenue from 3 major customers in amount of Baht 888 million, Baht 791 million and Baht 498 million).

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Bank of Ayudhaya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 2.5 million (2014: Baht 2.2 million) were recognised as expenses.

26. Dividend paid

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2015</u>				
Final dividends in respect of operation income from BOI promoted operation for the period from 1 July 2014 to 31 December 2014	Annual General Meeting of the shareholders on 20 April 2015	50,000,000	0.05	20 May 2015
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 January 2015 to 30 June 2015	Board of Directors' meeting on 20 August 2015	100,000,000	0.10	18 September 2015
Total		<u>150,000,000</u>	<u>0.15</u>	
<u>2014</u>				
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 January 2014 to 30 June 2014	Board of Directors' meeting on 18 September 2014	100,000,000	0.10	17 October 2014
Total		<u>100,000,000</u>	<u>0.10</u>	

27. Commitment and contingent liabilities

27.1 Capital commitments

As at 31 December 2015, the Company had capital commitments of approximately Baht 33.3 million, relating to the construction of Bio Scrubber (2014: the construction of Biogas systems, the acquisitions of machinery and equipment of approximately Baht 4.8 million).

27.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and other services. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease and other service payments required under these operating lease and service contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2015</u>	<u>2014</u>
Payable:		
in up to 1 year	4.1	3.3
in over 1 and up to 5 years	3.3	4.5

27.3 Long-term service and purchase commitments

- a) The Company entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The Company shall pay power supply at the rate as stipulated in the agreement.
- b) The Company had commitments under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase of molasses are those stipulated in the agreement. In addition, the Company had additional two commitments under the purchase of molasses agreements with 5-years duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreement.
- c) As at 31 December 2015, the Company had commitments under service agreement with regard for the engineer consulting of Baht 0.4 million (2014: service agreement with regard for the financial consulting Baht 0.8 million).

27.4 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 5.1 million issued by the bank on behalf of the Company to guarantee contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department and to guarantee contracted performance under the license for using of electric to the Provincial Electricity Authority (2014: Baht 5.1 million issued by the bank on behalf of the Company to guarantee contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department and Biogas Technologic promotion project 2012 (Year 5) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contracted performance under the license for using of electric to the Provincial Electricity Authority).

28. Litigation

In September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Subsequently, on 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it 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 2014 (the countersue date) until completion of payment. In addition, that company shall pay for charges and partial lawyer fee for the Company. However, on 3 December 2014, the Company lodged an appeal with the Court of Appeal.

Subsequently, on 9 February 2016, the Appeal Court affirmed the judgment of the Civil Court. As at 31 December 2015, the Company has not received such payment; therefore, the Company has not recorded in its account.

29. Fair value hierarchy

As at 31 December 2015, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Baht)	
	<u>Level 2</u>	<u>Total</u>
Assets measured at fair value		
Current investments - open fund	779,178	779,178

30. Financial instruments

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments - open fund, trade and other receivables, trade and other payables, liabilities under finance lease agreements, 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 Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, most of the Company's receivables are the oil companies which have good reputation and financial position. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, liabilities under finance lease agreements and interest-bearing short-term and long-term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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)

	As at 31 December 2015			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>				
Cash and cash equivalents	6.5	2.6	9.1	0.37 - 0.38
Current investments - open fund	-	0.8	0.8	-
Trade and other receivables	-	201.7	201.7	-
	<u>6.5</u>	<u>205.1</u>	<u>211.6</u>	
<u>Financial liabilities</u>				
Short-term loans from financial institutions	964.9	-	964.9	3.10 - 3.30
Trade and other payables	-	67.9	67.9	-
Liabilities under finance lease agreements	5.5	-	5.5	2.29 - 15.30
	<u>970.4</u>	<u>67.9</u>	<u>1,038.3</u>	

(Unit: Million Baht)

	As at 31 December 2014			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>				
Cash and cash equivalents	18.3	4.0	22.3	0.37 - 0.50
Current investments - open fund	-	0.4	0.4	-
Trade and other receivables	-	195.0	195.0	-
	<u>18.3</u>	<u>199.4</u>	<u>217.7</u>	
<u>Financial liabilities</u>				
Short-term loans from financial institutions	963.1	-	963.1	3.52 - 3.90
Trade and other payables	-	134.0	134.0	-
Liabilities under finance lease agreements	5.2	-	5.2	6.88 - 15.30
	<u>968.3</u>	<u>134.0</u>	<u>1,102.3</u>	

As at 31 December 2015, long-term loan from bank of Baht 477.8 million (2014: Baht 657.8 million) carries interest at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year.

Foreign currency risk

The Company assumes no foreign currency risk from purchase and sale transactions and borrowings since most of the transactions are denominated in Thai Baht.

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature and loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2015, the Company's debt-to-equity ratio was 0.90:1 (2014: 1.10:1).

32. Approval of financial statements

These financial statements were authorised for issue by the authorised directors of the Company on 12 February 2016.