

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED**

Opinion

We have audited the consolidated financial statements of Thai Central Chemical Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Thai Central Chemical Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders’ equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Thai Central Chemical Public Company Limited and its subsidiaries and of Thai Central Chemical Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key Audit Matters	Key Audit Responses
<p>Revenue recognition</p> <p>As described in Note 15 to the financial statements, sales of fertilizer under the fertilizer notes are recorded as “deferred sales” and it will be reclassified as “advance received from customers” upon receiving payments from customers. Revenue from sales will be recognized when the Company delivers fertilizer to customers. Therefore, there is a risk that sale transactions recorded during the year did not yet occur and revenue from sales are not recorded in the proper period at year end.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Understanding and assessing the appropriateness of the Company’s revenue recognition accounting policies and compliance with TFRSs. • Evaluating the Company’s design and implementation of controls and testing the operating effectiveness of such controls over recording of sales during the year and the revenue recognition as of year end. • Performing substantive analytical procedures on revenue. • Performing substantive tests of details of sales balance with the related supporting documents. • Testing sales transactions occurring near the end of accounting period with the related supporting documents.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BANGKOK
February 22, 2019

Manoon Manusook
Certified Public Accountant (Thailand)
Registration No. 4292
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	5,516,734,014	4,679,930,268	5,443,612,405	4,476,262,954
Current investments	5	175,324,495	973,265,077	-	800,000,000
Trade and other current receivables	6	419,238,653	794,665,339	425,672,594	725,020,173
Inventories	7 and 15	2,347,286,103	2,042,056,065	2,110,633,429	1,935,604,557
Other current assets		447,271	588,343	394,875	515,901
Total Current Assets		<u>8,459,030,536</u>	<u>8,490,505,092</u>	<u>7,980,313,303</u>	<u>7,937,403,585</u>
NON-CURRENT ASSETS					
Investment in an associate	25.1.1	136,247,216	135,961,629	98,000,000	98,000,000
Investments in subsidiaries	25.1.2	-	-	552,854,981	552,854,981
Investment properties	8	25,810,280	25,810,280	25,810,280	25,810,280
Property, plant and equipment	9	1,836,019,586	1,866,232,786	1,567,003,523	1,606,459,965
Leasehold right	10	80,508,466	82,897,544	-	-
Intangible asset	11	547,255,886	547,564,681	545,900,757	545,900,757
Deferred tax assets	12	36,561,545	42,984,664	31,898,209	37,733,111
Other non-current assets		5,919,186	6,015,759	4,001,501	4,798,063
Total Non-current Assets		<u>2,668,322,165</u>	<u>2,707,467,343</u>	<u>2,825,469,251</u>	<u>2,871,557,157</u>
TOTAL ASSETS		<u><u>11,127,352,701</u></u>	<u><u>11,197,972,435</u></u>	<u><u>10,805,782,554</u></u>	<u><u>10,808,960,742</u></u>

Notes to the financial statements form an integral part of these statements

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts	13	35,332,981	9,460,963	-	-
Trade and other current payables	14 and 15	728,569,005	898,215,444	662,790,665	820,827,047
Current portion of liabilities under finance lease agreements	16	5,424,023	7,073,625	2,556,382	4,186,295
Current income tax payable		125,993,206	218,913,530	123,279,777	214,486,678
Current provision for employee benefit	17	12,293,544	19,289,415	7,762,812	13,286,008
Other current liabilities		28,161,951	31,606,804	14,907,782	15,591,627
Total Current Liabilities		935,774,710	1,184,559,781	811,297,418	1,068,377,655
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements	16	4,532,355	8,569,508	1,751,405	3,943,170
Deferred tax liabilities	12	116,608,579	116,608,579	109,180,151	109,180,151
Non-current provision for employee benefit	17	123,634,686	111,679,027	105,105,834	92,694,441
Other non-current liabilities		20,072,441	15,845,441	15,835,441	15,545,441
Total Non-current Liabilities		264,848,061	252,702,555	231,872,831	221,363,203
TOTAL LIABILITIES		1,200,622,771	1,437,262,336	1,043,170,249	1,289,740,858

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
584,716,118 ordinary shares of Baht 3 each		1,754,148,354	1,754,148,354	1,754,148,354	1,754,148,354
Issued and paid-up share capital					
584,714,068 ordinary shares of Baht 3 each, fully paid		1,754,142,204	1,754,142,204	1,754,142,204	1,754,142,204
SHARE DISCOUNT ON ORDINARY SHARES	21	(43,570,340)	(43,570,340)	(43,570,340)	(43,570,340)
RETAINED EARNINGS					
Appropriated					
Legal reserve	23	175,414,835	175,414,835	175,414,835	175,414,835
Unappropriated		7,984,498,731	7,820,018,186	7,876,625,606	7,633,233,185
OTHER COMPONENTS					
OF SHAREHOLDERS' EQUITY		(37,489,572)	(33,765,998)	-	-
TOTAL ATTRIBUTIONS TO OWNERS					
OF THE PARENT		9,832,995,858	9,672,238,887	9,762,612,305	9,519,219,884
NON-CONTROLLING INTERESTS		93,734,072	88,471,212	-	-
TOTAL SHAREHOLDERS' EQUITY		9,926,729,930	9,760,710,099	9,762,612,305	9,519,219,884
TOTAL LIABILITIES					
AND SHAREHOLDERS' EQUITY					
		11,127,352,701	11,197,972,435	10,805,782,554	10,808,960,742

Notes to the financial statements form an integral part of these statements

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Revenues from sales		10,205,274,049	11,426,252,444	9,920,142,563	11,019,802,064
Revenues from services		116,783,350	113,569,379	-	-
Costs of the sales of goods		(7,989,679,684)	(8,488,272,555)	(7,769,859,204)	(8,170,048,249)
Costs of the rendering of services		-46,669,951	(51,557,522)	-	-
Gross profit		2,285,707,764	2,999,991,746	2,150,283,359	2,849,753,815
Other income	19	135,417,169	113,189,206	166,753,820	129,811,063
Profit before expenses		2,421,124,933	3,113,180,952	2,317,037,179	2,979,564,878
Selling expenses		(350,609,524)	(303,479,163)	(299,085,955)	(275,505,611)
Administrative expenses		(328,618,806)	(319,191,850)	(229,620,330)	(252,212,841)
Managements' remuneration	25.2.2	(36,208,779)	(46,416,819)	(35,836,779)	(46,044,819)
Other expenses		-	(9,676,153)	-	(6,866,407)
Total Expenses		(715,437,109)	(678,763,985)	(564,543,064)	(580,629,678)
Profit before finance costs and income tax expense		1,705,687,824	2,434,416,967	1,752,494,115	2,398,935,200
Finance costs		(2,018,354)	(3,090,812)	(564,347)	(1,425,086)
Share of profit from investment in an associate	25.1.1	285,587	285,136	-	-
Profit before tax expense		1,703,955,057	2,431,611,291	1,751,929,768	2,397,510,114
Tax expense	12	(354,411,018)	(484,488,017)	(342,758,955)	(471,949,695)
Profit for the year		1,349,544,039	1,947,123,274	1,409,170,813	1,925,560,419

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
OTHER COMPREHENSIVE INCOME (LOSS)					
Component of other comprehensive income					
that will be reclassified to profit and loss					
Exchange differences on translation of financial statements of foreign subsidiary		(3,723,574)	(35,094,193)	-	-
Components of other comprehensive income					
that will not be reclassified to profit and loss					
Gains (losses) on remeasurements of defined benefit plans	17	3,112,577	(7,261,904)	4,562,180	(7,454,823)
Income tax relating to component of other comprehensive income that will not be reclassified to profit or loss	12	-622,515	1,452,381	(912,436)	1,490,965
OTHER COMPREHENSIVE INCOME (LOSS)					
FOR THE YEAR - NET OF INCOME TAX					
		(1,233,512)	(40,903,716)	3,649,744	(5,963,858)
TOTAL COMPREHENSIVE INCOME					
FOR THE YEAR					
		1,348,310,527	1,906,219,558	1,412,820,557	1,919,596,561
PROFIT ATTRIBUTABLE TO					
Owners of parent		1,331,139,455	1,932,399,217	-	-
Non-controlling interests		18,404,584	14,724,057	-	-
		1,349,544,039	1,947,123,274	-	-
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of parent		1,330,185,107	1,891,726,137	-	-
Non-controlling interests		18,125,420	14,493,421	-	-
		1,348,310,527	1,906,219,558	-	-
BASIC EARNINGS PER SHARE	BAHT	2.28	3.30	2.41	3.29
WEIGHTED AVERAGE NUMBER					
OF ORDINARY SHARES					
	SHARES	584,714,068	584,714,068	584,714,068	584,714,068

Notes to the financial statements form an integral part of these statements

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT									
	Notes	Attributions to owners of the parent					Non-controlling interests	Total shareholders' equity	
		Issued and paid-up share capital	Discount on ordinary shares	Retained earnings		Other components of shareholders' equity			Total attributions to owners of parent
				Appropriated Legal reserve	Unappropriated	Exchange differences on translation of financial statements of foreign subsidiary			
Beginning balances as at January 1, 2017		1,754,142,204	(43,570,340)	175,414,835	7,764,282,874	1,328,195	9,651,597,768	84,390,351	9,735,988,119
Dividends	24	-	-	-	(1,871,085,018)	-	(1,871,085,018)	-	(1,871,085,018)
Dividend paid to non-controlling interests of subsidiaries	24	-	-	-	-	-	-	(10,412,560)	(10,412,560)
Total comprehensive income for the year		-	-	-	1,926,820,330	(35,094,193)	1,891,726,137	14,493,421	1,906,219,558
Ending balances as at December 31, 2017		<u>1,754,142,204</u>	<u>(43,570,340)</u>	<u>175,414,835</u>	<u>7,820,018,186</u>	<u>(33,765,998)</u>	<u>9,672,238,887</u>	<u>88,471,212</u>	<u>9,760,710,099</u>
Beginning balances as at January 1, 2018		1,754,142,204	(43,570,340)	175,414,835	7,820,018,186	(33,765,998)	9,672,238,887	88,471,212	9,760,710,099
Dividends	24	-	-	-	(1,169,428,136)	-	(1,169,428,136)	-	(1,169,428,136)
Dividend paid to non-controlling interests of subsidiaries	24	-	-	-	-	-	-	(12,862,560)	(12,862,560)
Total comprehensive income for the year		-	-	-	1,333,908,681	(3,723,574)	1,330,185,107	18,125,420	1,348,310,527
Ending balances as at December 31, 2018		<u>1,754,142,204</u>	<u>(43,570,340)</u>	<u>175,414,835</u>	<u>7,984,498,731</u>	<u>(37,489,572)</u>	<u>9,832,995,858</u>	<u>93,734,072</u>	<u>9,926,729,930</u>

Notes to the financial statements form an integral part of these statements

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Issued and paid-up share capital	Discount on ordinary shares	Retained Earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Beginning balances as at January 1, 2017		1,754,142,204	(43,570,340)	175,414,835	7,584,721,642	9,470,708,341
Dividends	24	-	-	-	(1,871,085,018)	(1,871,085,018)
Total comprehensive income for the year		-	-	-	1,919,596,561	1,919,596,561
Ending balances as at December 31, 2017		<u>1,754,142,204</u>	<u>(43,570,340)</u>	<u>175,414,835</u>	<u>7,633,233,185</u>	<u>9,519,219,884</u>
Beginning balances as at January 1, 2018		1,754,142,204	(43,570,340)	175,414,835	7,633,233,185	9,519,219,884
Dividends	24	-	-	-	(1,169,428,136)	(1,169,428,136)
Total comprehensive income for the year		-	-	-	1,412,820,557	1,412,820,557
Ending balances as at December 31, 2018		<u>1,754,142,204</u>	<u>(43,570,340)</u>	<u>175,414,835</u>	<u>7,876,625,606</u>	<u>9,762,612,305</u>

Notes to the financial statements form an integral part of these statements

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax expense		1,703,955,057	2,431,611,291	1,751,929,768	2,397,510,114
Adjusted by					
Reversal doubtful accounts		(6,341,186)	(2,527,397)	(6,269,585)	(2,642,192)
(Reversal) loss for diminution in value of inventories		(5,340,188)	6,646,777	(5,070,613)	6,377,202
Depreciation		225,129,654	174,926,443	194,472,133	162,199,435
Amortization - Leasehold right		1,775,261	1,864,816	-	-
Amortization - Intangible assets		436,331	44,463	-	-
Gain on sales of investment properties		-	(20,367,560)	-	(20,367,560)
Gain on sales of property, plant and equipment		(4,936,314)	(1,202,498)	(2,868,399)	(1,202,498)
Loss on write off property, plant and equipment		3,618,340	368,810	-	362,039
Employee benefit obligations expense		27,413,593	7,296,250	24,736,385	5,890,260
Share of profit from investment in an associate		(285,587)	(285,136)	-	-
Unrealized loss on exchange rate		3,417,402	7,188,035	2,763,053	6,506,153
Dividend income		-	-	(18,387,440)	(15,837,440)
Interest income		(57,608,905)	(60,773,407)	(55,371,780)	(57,314,465)
Interest expenses		1,506,356	1,232,613	301,175	388,108
Profit from operations before change in operating assets and liabilities		1,892,739,814	2,546,023,500	1,886,234,697	2,481,869,156
Decrease in trade and other current receivables		378,872,894	27,595,824	303,112,696	29,321,452
Increase in inventories		(299,889,850)	(370,413,290)	(169,958,259)	(347,519,204)
(Increase) decrease in other current assets		141,072	(57,155)	121,026	(68,412)
(Increase) decrease in other non-current assets		96,573	(1,481,207)	796,562	(271,161)
Decrease in trade and other current payables		(146,520,920)	(11,304,479)	(150,868,491)	(22,772,103)
Decrease in other current liabilities		(9,162,355)	(3,010,510)	(5,004,670)	(7,581,294)
Cash paid for provision for employee benefit		(19,341,228)	(9,885,180)	(13,286,008)	(7,800,860)
Increase in other non-current liabilities		4,227,000	1,091,821	290,000	4,800,821
Cash received from operations		1,801,163,000	2,178,559,324	1,851,437,553	2,129,978,395
Cash paid for income tax		(441,530,738)	(642,484,117)	(429,043,390)	(631,345,944)
Net cash provided by operating activities		1,359,632,262	1,536,075,207	1,422,394,163	1,498,632,451

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in temporary investments		797,940,582	(721,022,842)	800,000,000	(700,000,000)
Cash paid for purchase of investments		-	-	-	(333,770,844)
Cash received from sales of investment properties		-	23,605,704	-	23,605,704
Cash payment for purchase of investment properties		-	(400,000)	-	(400,000)
Cash payments for purchase property, plant and equipment		(221,995,724)	(403,434,605)	(162,778,413)	(214,011,500)
Proceeds from sales of property, plant and equipment		8,521,616	4,693,774	5,991,194	4,159,495
Cash payments for purchase intangible assets		(139,239)	(1,706,469)	-	-
Dividend received from subsidiaries		-	-	18,387,440	15,837,440
Interest received		59,819,273	60,524,730	57,191,639	57,427,390
Net cash provided by (used in) investing activities		<u>644,146,508</u>	<u>(1,037,739,708)</u>	<u>718,791,860</u>	<u>(1,147,152,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from (payment for) bank overdrafts and short-term borrowings from financial institutions		26,364,644	(1,342,314)	-	-
Cash payments for liabilities under finance lease agreements		(7,995,415)	(7,137,332)	(4,204,738)	(3,654,593)
Interest paid		(1,506,356)	(1,232,613)	(301,175)	(388,108)
Dividend paid		(1,169,330,659)	(1,870,751,444)	(1,169,330,659)	(1,870,751,444)
Dividends paid - subsidiaries		(12,862,560)	(10,412,560)	-	-
Net cash used in financing activities		<u>(1,165,330,346)</u>	<u>(1,890,876,263)</u>	<u>(1,173,836,572)</u>	<u>(1,874,794,145)</u>
Exchange rate differences on translation of financial statements of foreign subsidiary		(1,644,678)	(19,380,760)	-	-
Net increase (decrease) in cash and cash equivalents		836,803,746	(1,411,921,524)	967,349,451	(1,523,314,009)
Cash and cash equivalents as at January 1,		4,679,930,268	6,091,851,792	4,476,262,954	5,999,576,963
Cash and cash equivalents as at December 31,	4.1	<u>5,516,734,014</u>	<u>4,679,930,268</u>	<u>5,443,612,405</u>	<u>4,476,262,954</u>

Notes to the financial statements form an integral part of these statements

**THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. OPERATIONS AND GENERAL INFORMATION

1.1 The operation of the Company

Thai Central Chemical Public Company Limited (the “Company”) is a listed company in The Stock Exchange of Thailand with its head office located at 21/35-46 Thai Wah Tower 1, 14-16th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok. The Company is a manufacturer, importer, exporter and distributor of various chemical fertilizer compound. The major shareholders of the Company are Sojitz Corporation holding 43.92% and ISTS (Thailand) Co., Ltd. holding 39.53%.

The major principal business operations of the Company and its subsidiaries (the “Group”) are summarized as follows:

1.2 The operations of subsidiaries

1.2.1 N.I.M. Company Limited was registered in Thailand with its office located at 205 Metro Building, 8th Floor, Rajawongse Road, Bangkok. The company’s main business is to lease out tank yard for containing liquid chemicals.

1.2.2 MC Agro-Chemicals Company Limited was registered in Thailand with its office located at 581 Moo 4, Bangpoo Industrial Estate Soi 12, Sukhumvit Road, Samutprakarn. The company’s main business is to trade formulated products and provide repacking services.

1.2.3 TCCC Myanmar Limited was registered in the republic of the union of Myanmar with its office located at Lot No. C-15 & C-18 Thilawa SEZ zone A, Yangon Region, the republic of the union of Myanmar. The Company’s main business is to be a producer, importer and dealer of various chemical fertilizer compound.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and General Accepted Accounting Principal in Thailand.

2.2 The Group’s and the Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding “the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560”, and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.

- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements.
- 2.4.1) During the period, the Group and the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. 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 Group's and the Company's financial statements.
- 2.4.2) Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards ("TFRS")

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation ("TFRIC")

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standards (“TAS”)

TAS 28 (Revised 2018)	Investment in Associates and Joint Ventures
TAS 40 (Revised 2018)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2018)	Share-based Payment
TFRS 4 (Revised 2018)	Insurance Contracts

- 2.4.3) Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 32	Financial Instruments: Presentation
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Thai Financial Reporting Standards (“TFRS”)

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and the Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Group and the Company in the period of initial application.

- 2.5 The consolidated financial statements include the account balances of the Company and its subsidiaries, after eliminating intercompany transactions and balances for the years ended December 31, The Company’s holdings in subsidiaries are as follows:

	2018	2017
	% holding	% holding
N.I.M. Company Limited	51.00	51.00
MC Agro-Chemicals Company Limited	99.99	99.99
TCCC Myanmar Limited	99.99	99.99

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the measurement basis of historical cost except as disclosed in the significant accounting policies as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand, deposits at banks' savings accounts and current accounts, and short-term highly liquid investments with maturities within three months from the date of acquisition, excluding cash at banks used as collateral (if any).

3.2 Current investments

Current investments consist of time deposits at banks with original maturities later than 3 months but not later than 1 year which are stated at cost.

3.3 Trade receivables

Trade receivables are presented at original invoice amount less allowance for doubtful account based on a review of all outstanding amounts which are uncollectible at the statement of financial position date. Such estimated losses are based on the Group's and the Company's collection experience.

The amount of the allowance for doubtful account, is the difference between the carrying amount of the trade receivable and the amount expected to be collectible.

Bad debts which are identified during the year are recognized as expense in the statement of comprehensive income.

3.4 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average method. Except for a subsidiary, MC Agro-Chemicals Company Limited, which cost is determined on a first-in, first-out method. If the inventories of such subsidiary have been determined on the same basis as that of the parent company, the difference would not be materially affected to the consolidated financial statements.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the estimated costs necessary to make sale. Allowance is made by the Group and the Company, where necessary, for obsolete and slow-moving inventories (if any).

3.5 Investments in an associate and subsidiaries

Investments in an associate and subsidiaries are presented by the cost method for the separate financial statements.

Investment in an associate is presented by the equity method for the consolidated financial statements.

If impairment in value of investment has occurred, the resultant loss on investment in all classifications is recognized in the statement of comprehensive income immediately.

3.6 Investment properties

Investment properties consist of non-operating land and buildings. Land is stated at cost less allowance for impairment and buildings are stated at cost less accumulated depreciation.

Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets over the period of 20 years.

The Group and the Company test impairment and allowance for impairment has to be made by comparing the fair value which is determined by an independent appraiser who has been approved by the Office of the Securities and Exchange Commission (Thailand) using comparative market price method to assess the value of investment properties - non-operating land.

3.7 Property, plant and equipment

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

Depreciation is calculated by reference to their costs on the straight-line method, based on the estimated useful lives of the assets as follows:

Land improvement	10 years
Buildings	20 years
Machinery and equipment	5 - 20 years
Furniture and office equipment	3 - 20 years
Vehicles	5 - 10 years

Dismantling, moving and renovating assets location cost in which the Group and the Company obligate when receiving such asset. The Group and the Company recognize them at the cost of assets and depreciated them.

In case of impairment in value of property, plant and equipment has occurred, the resultant loss on impairment is recognized by the Group and the Company as expense in the statement of comprehensive income.

3.8 Leasehold right

Leasehold right consists of leasehold right for land in the Republic of the union of Myanmar, which is stated at cost less accumulated amortization.

Amortization of leasehold right for land is calculated by using the straight-line method over the lease periods as follow:

Leasehold right for land	48 years
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3.9 Impairment

The carrying amounts of the assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amounts of asset is estimated.

The Group and the Company recognize impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of the asset's fair value less cost to sell and its value in use. The Group and the Company determine the value by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The calculation reflects the amount that the Group and 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.

The Group and the Company recognize an impairment loss as expense in the statement of comprehensive income.

Reversal of an impairment loss

The Group and the Company will reverse impairment loss of asset (if any), which had been recognized in the prior periods, if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

3.10 Intangible assets

Intangible assets with definite life consist of right and license for other operations which are stated at cost less accumulated amortization.

Amortization is calculated by reference to their costs on the straight-line method, based on the estimated useful lives of the assets over the period of 5 - 10 years.

Intangible asset with indefinite life consists of right for use of trademarks is stated at cost, net of allowance for impairment (if any) which tested for impairment annually and allowance for impairment (if any) will be made and recorded as expense in the statement of comprehensive income.

The Group and the Company test for impairment annually and allowance for impairment has to be made (if any). The Group and the Company engages an independent appraiser to determine the fair value of the right to use the trademarks in accordance with the Notification of the Stock Exchange Commission dated April 30, 2004 regarding the opinion for accounting treatment for intangible assets by using the Discounted Cash Flow Approach.

3.11 Provision for employee benefit

Provision for employee benefit is the provision for benefit obligation for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act. The provision is assessed by an independent actuary and based on actuarial assumptions using Projected Unit Credit Method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service, discount rate and compensation increase.

Past service cost related to the plan amendment is recognized as expense in the statement of comprehensive income when the plan amendment has occurred. The management of the Company judgmentally considered that an obligation arises only when the legislation is virtually certain to be enacted as drafted.

3.12 Foreign currency transactions

3.12.1 Transactions denominated in foreign currencies are translated into Baht at rates of exchange prevailing at the transaction dates. All balances of monetary assets and liabilities in foreign currencies and forward exchange contracts at the end of reporting period are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date.

Gains or losses on foreign exchange rate are recognized as an income or expense in the statement of comprehensive income.

3.12.2 The Group and the Company enter into forward exchange contracts in asset and liability management activities to control exposure of the fluctuation in foreign exchange rates.

Gains or losses on contracts designated as hedges of existing assets and liabilities are recognized as an income or expense in the statement of comprehensive income.

Premium or discount on forward exchange contracts are deferred and amortized over the lives of the related contracts as an income or expense in the statement of comprehensive income.

3.13 Revenue recognition

Revenue from sales is recognized when the Group and the Company have transferred the significant risks and rewards of ownership of the goods to the buyer.

Revenue from services is recognized when service is rendered.

Interest income and rental income are recognized as income on an accrual basis.

Dividend income is recognized as income when dividend is declared.

Other income is recognized as income on an accrual basis.

3.14 Lease agreement

Operating lease

Lease in which substantially all the risk and reward of ownership of assets remains with the lessor is accounted for as operating lease. Rentals applicable to such operating lease are charged as expense to the statement of comprehensive income over the lease term.

Finance lease

Lease in which substantially all the risk and reward of ownership, other than legal title is transferred to the Group and the Company are accounted for as a finance lease. The Group and the Company capitalized the leased asset at the lower of estimated present value of the underlying lease payments or at the fair value of the leased asset at the contractual date. The leased asset is depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is calculated by the effective interest rate method over the term of contract. Interest or financial charge and depreciation are recognized as expenses in the statement of comprehensive income.

3.15 Provident Fund

The contribution for employee provident fund is recorded as expense when incurred.

3.16 Taxation

Tax expense comprises the sum amount of current tax in respect of the current year and deferred tax.

3.16.1 Current income tax

Current income tax represents tax currently payable which is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's and Company's current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Foreign subsidiary applied the tax rate of each country for calculating tax expense and deferred income tax.

3.16.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed by the Group and the Company at each of the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured by the Group and the Company at the tax rates that are expected to apply in the period in which the asset is recognized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax asset against current tax liabilities and the Group and the Company intend to settle such current tax liability and asset on a net basis or intends to recognize the asset and settle the liability simultaneously.

3.17 Basic earnings per share

Basic earnings per share are computed by dividing net profit for the year by the weighted average number of ordinary shares outstanding at the end of the reporting period. In case of a capital increase, the number of shares is weighted average according to time of registration of issued and paid-up share capital.

3.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of TAS 17 (Revised 2017), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2017) or value in use in TAS 36 (Revised 2017).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.19 Accounting estimated and source of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards also requires the management of the Group and the Company to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

4.1 Cash and cash equivalents

Cash and cash equivalents as at December 31, consist of the following:

	Consolidated		Unit : Baht	
	Financial Statements	Financial Statements	Separate	Financial Statements
	2018	2017	2018	2017
Cash on hand	1,088,186	992,406	641,365	574,298
Bank deposits in savings and current accounts	2,291,919,733	2,075,876,146	2,221,978,524	1,872,938,940
Cheque on hand	3,724,079	3,059,700	990,500	2,747,700
Time deposits with maturity not more than 3 months (interest rates 1.20 - 1.50% p.a.)	3,220,002,016	2,600,002,016	3,220,002,016	2,600,002,016
	<u>5,516,734,014</u>	<u>4,679,930,268</u>	<u>5,443,612,405</u>	<u>4,476,262,954</u>

4.2 Non-cash transactions are as follows:

Purchases of property, plant and equipment for the years ended December 31, are as follows:

	Consolidated		Unit : Baht	
	Financial Statements		Separate	
	2018	2017	2018	2017
Payables-Assets acquisition brought forward	33,785,219	9,770,883	18,077,294	9,767,867
<u>Add</u> Purchases of fixed assets	203,573,472	436,037,875	158,138,486	227,921,946
<u>Less</u> Purchases of fixed assets under finance lease agreements	(2,308,660)	(8,588,934)	(383,060)	(5,601,019)
<u>Less</u> Cash payments	<u>(221,995,724)</u>	<u>(403,434,605)</u>	<u>(162,778,413)</u>	<u>(214,011,500)</u>
Payables - Assets acquisition carried forward	<u>13,054,307</u>	<u>33,785,219</u>	<u>13,054,307</u>	<u>18,077,294</u>
Liabilities under finance lease agreements (including current portion)				
Balance brought forward	15,643,133	14,191,531	8,129,465	6,183,039
<u>Add</u> Purchases of fixed assets under finance lease agreements	2,308,660	8,588,934	383,060	5,601,019
<u>Less</u> Cash payments	<u>(7,995,415)</u>	<u>(7,137,332)</u>	<u>(4,204,738)</u>	<u>(3,654,593)</u>
Balance carried forward	<u>9,956,378</u>	<u>15,643,133</u>	<u>4,307,787</u>	<u>8,129,465</u>

5. CURRENT INVESTMENTS

Current investments as at December 31, consist of the following:

	Maturity Date	Interest rate		Unit : Baht	
		(percentage per annum)		Consolidated	
		2018	2017	2018	2017
Current investments	Maturity date over 3 months but less than 1 year	1 - 1.53	1 - 1.50	<u>175,324,495</u>	<u>973,265,077</u>
	Maturity Date	Interest rate		Unit : Baht	
		(percentage per annum)		Separate	
		2018	2017	2018	2017
Current investments	Maturity date over 3 months but less than 1 year	-	1.38	<u>-</u>	<u>800,000,000</u>

6. TRADE AND OTHER CURRENT RECEIVABLES

6.1 Trade and other current receivables as at December 31, consist of the following:

	Consolidated		Unit : Baht	
	Financial Statements		Separate	
	2018	2017	2018	2017
Trade receivables	345,204,938	713,539,372	359,562,438	649,555,897
Other receivables	11,147,592	25,913,477	12,469,832	26,861,225
Prepaid expenses	47,161,160	45,838,674	38,703,003	40,175,053
Accrued income	5,970,000	8,506,384	5,570,024	7,734,998
Advance payments	471,516	867,432	83,850	693,000
Advance payment for bidding	9,283,447	-	9,283,447	-
	<u>419,238,653</u>	<u>794,665,339</u>	<u>425,672,594</u>	<u>725,020,173</u>

6.2 Trade receivables as at December 31, are classified by aging as follows:

	Consolidated		Unit : Baht	
	Financial Statements		Separate	
	2018	2017	2018	2017
Number of trade receivables	<u>349</u>	<u>421</u>	<u>135</u>	<u>152</u>
Other companies				
Current	335,514,814	700,552,915	277,643,779	638,068,392
Overdue				
Less than or up to 3 months	13,704,851	19,668,029	12,880,620	18,252,745
More than 3 months up to 6 months	144,000	252,700	-	-
More than 6 months up to 12 months	-	70,000	-	-
More than 12 months	24,647,107	28,176,890	23,718,513	27,516,551
	<u>374,010,772</u>	<u>748,720,534</u>	<u>314,242,912</u>	<u>683,837,688</u>
Related companies				
Current	134,966	100,824	62,875,318	-
Overdue				
Less than or up to 3 months	-	-	10,456,414	-
	<u>134,966</u>	<u>100,824</u>	<u>73,331,732</u>	<u>-</u>
	<u>374,145,738</u>	<u>748,821,358</u>	<u>387,574,644</u>	<u>683,837,688</u>
<u>Less</u> Allowance for doubtful accounts	<u>(28,940,800)</u>	<u>(35,281,986)</u>	<u>(28,012,206)</u>	<u>(34,281,791)</u>
	<u>345,204,938</u>	<u>713,539,372</u>	<u>359,562,438</u>	<u>649,555,897</u>

7. INVENTORIES

Inventories as at December 31, consist of the following:

	Consolidated		Unit : Baht	
	Financial Statements 2018	Financial Statements 2017	Separate Financial Statements 2018	Separate Financial Statements 2017
Finished products	799,825,990	908,531,701	606,891,684	828,752,677
Work in process	47,576,954	27,276,371	23,901,807	24,633,249
Raw materials	1,233,957,109	844,602,724	1,231,289,184	839,008,501
Supplies	65,509,855	65,566,391	54,711,439	56,545,989
Goods in transit	202,583,378	203,586,249	196,006,498	193,901,937
	<u>2,349,453,286</u>	<u>2,049,563,436</u>	<u>2,112,800,612</u>	<u>1,942,842,353</u>
<u>Less</u> Allowance for diminution in value of inventories	<u>(2,167,183)</u>	<u>(7,507,371)</u>	<u>(2,167,183)</u>	<u>(7,237,796)</u>
	<u><u>2,347,286,103</u></u>	<u><u>2,042,056,065</u></u>	<u><u>2,110,633,429</u></u>	<u><u>1,935,604,557</u></u>

Costs of inventories recognized as cost of the sales of goods in the consolidated financial statements for the years ended December 31, 2018 and 2017 are Baht 7,994.75 million and Baht 8,481.62 million, respectively.

Costs of inventories recognized as cost of the sales of goods in the separate financial statements for the years ended December 31, 2018 and 2017 are Baht 7,774.93 million and Baht 8,163.67 million, respectively.

For the years ended December 31, 2018 and 2017, cost of inventories of the Company and its subsidiaries recognized loss on diminution in value of inventories (reversal) of Baht (5.34) million and Baht 6.65 million, respectively, as costs of the sales of goods in the consolidated financial statements.

For the years ended December 31, 2018 and 2017, cost of inventories of the Company recognized loss diminution in value of inventories (reversal) of Baht (5.07) million and Baht 6.38 million, respectively, as costs of the sales of goods in the separate financial statements.

As at December 31, 2018 and 2017, inventories in the consolidated financial statement included inventories which were under obligation that the Company and a subsidiary have to delivery of fertilizer to the holders of the delivery orders (the "fertilizer notes") which have been issued by the Company and a subsidiary to their customers of Baht 254.83 million and Baht 202.62 million, respectively (see Note 15).

As at December 31, 2018 and 2017, inventories in the separate financial statement included inventories which were under obligation that the Company has to delivery of fertilizer to the holders of the fertilizer notes which have been issued by the company to its customers of Baht 240.15 million and Baht 202.62 million, respectively (see Note 15).

8. INVESTMENT PROPERTIES

Investment properties are as follows:

Consolidated and Separate Financial Statements

As at December 31, 2018

	Balances as at January 1, 2018	Increases	Decreases	Unit : Baht Balances as at December 31, 2018
Cost :				
Land	29,212,697	-	-	29,212,697
<u>Less</u> Allowance for impairment	<u>(3,402,417)</u>	<u>-</u>	<u>-</u>	<u>(3,402,417)</u>
Investment properties	<u>25,810,280</u>			<u>25,810,280</u>
Fair value	<u>89,590,250</u>			<u>89,590,250</u>

As at December 31, 2017

	Balances as at January 1, 2017	Increases	Decreases	Unit : Baht Balances as at December 31, 2017
Cost :				
Land	32,050,840	400,000	(3,238,143)	29,212,697
Buildings	6,477,445	-	(6,477,445)	-
Total cost	<u>38,528,285</u>	<u>400,000</u>	<u>(9,715,588)</u>	<u>29,212,697</u>
Accumulated depreciation :				
Buildings	<u>(6,477,444)</u>	<u>-</u>	<u>6,477,444</u>	<u>-</u>
Total accumulated depreciation	<u>(6,477,444)</u>	<u>-</u>	<u>6,477,444</u>	<u>-</u>
<u>Less</u> Allowance for impairment	<u>(3,402,417)</u>	<u>-</u>	<u>-</u>	<u>(3,402,417)</u>
Investment properties	<u>28,648,424</u>			<u>25,810,280</u>
Fair value	<u>83,384,593</u>			<u>89,590,250</u>
Depreciation for the years ended December 31,				
2018				<u>-</u>
2017				<u>-</u>

As at December 31, 2018 and 2017, the Company's investment properties in amount of Baht 25.81 million, represent land received from debt settlement and purchased by the Company.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, consist of the following:

Consolidated Financial Statements

As at December 31, 2018

	Balances as at January 1, 2018	Increases	Decreases	Transfer in/ (out)	Exchange differences on translation of financial statements of foreign subsidiary	Unit : Baht Balances as at December 31, 2018
Cost :						
Land	293,349,876	-	-	-	-	293,349,876
Land improvements	77,884,837	68,238	(137,176)	81,614,458	(54,979)	159,375,378
Buildings	1,915,568,913	-	(4,573,437)	(17,221,836)	(1,053,255)	1,892,720,385
Machinery and equipment	2,139,831,420	17,840,897	(34,749,799)	245,252,639	(121,627)	2,368,053,530
Furniture and office equipment	360,176,943	14,787,213	(2,269,451)	54,626,697	(110,975)	427,210,427
Vehicles	177,951,985	8,442,561	(13,147,084)	6,606,539	(9,918)	179,844,083
Total cost	<u>4,964,763,974</u>	<u>41,138,909</u>	<u>(54,876,947)</u>	<u>370,878,497</u>	<u>(1,350,754)</u>	<u>5,320,553,679</u>
Accumulated depreciation :						
Land improvements	(72,178,143)	(1,863,170)	3,458	-	1,391	(74,036,464)
Buildings	(1,365,107,341)	(55,430,313)	4,432,186	-	23,025	(1,416,082,443)
Machinery and equipment	(1,594,079,014)	(112,236,870)	34,230,400	-	11,038	(1,672,074,446)
Furniture and office equipment	(225,665,426)	(37,934,266)	1,615,254	-	16,392	(261,968,046)
Vehicles	(116,614,421)	(17,665,035)	10,293,220	-	655	(123,985,581)
Total accumulated depreciation	<u>(3,373,644,345)</u>	<u>(225,129,654)</u>	<u>50,574,518</u>	<u>-</u>	<u>52,501</u>	<u>(3,548,146,980)</u>
Building under construction and equipment under installation	270,504,360	143,439,060	(2,887,688)	(347,287,653)	(155,192)	63,612,887
Machinery in transit	<u>4,608,797</u>	<u>18,995,503</u>	<u>(13,525)</u>	<u>(23,590,844)</u>	<u>69</u>	<u>-</u>
Property, plant and equipment	<u>1,866,232,786</u>					<u>1,836,019,586</u>

Consolidated Financial Statements (Continued)

As at December 31, 2017

	Balances as at January 1, 2017	Increases	Decreases	Transfer in/ (out)	Exchange differences on translation of financial statements of foreign subsidiary	Unit : Baht Balances as at December 31, 2017
Cost :						
Land	293,349,876	-	-	-	-	293,349,876
Land improvements	81,198,424	-	(4,663,587)	1,350,000	-	77,884,837
Buildings	1,748,894,735	-	(1,830,433)	175,370,557	(6,865,946)	1,915,568,913
Machinery and equipment	1,955,641,187	14,093,103	(50,025,147)	220,122,277	-	2,139,831,420
Furniture and office equipment	276,465,223	15,755,711	(14,747,851)	83,010,645	(306,785)	360,176,943
Vehicles	168,880,776	21,706,089	(13,507,316)	872,436	-	177,951,985
Total cost	<u>4,524,430,221</u>	<u>51,554,903</u>	<u>(84,774,334)</u>	<u>480,725,915</u>	<u>(7,172,731)</u>	<u>4,964,763,974</u>
Accumulated depreciation :						
Land improvements	(75,182,186)	(1,200,521)	4,204,564	-	-	(72,178,143)
Buildings	(1,316,105,652)	(50,714,546)	1,683,700	-	29,157	(1,365,107,341)
Machinery and equipment	(1,557,011,136)	(85,245,893)	48,178,015	-	-	(1,594,079,014)
Furniture and office equipment	(220,401,206)	(19,712,429)	14,438,301	-	9,908	(225,665,426)
Vehicles	(111,333,075)	(18,053,054)	12,771,708	-	-	(116,614,421)
Total accumulated depreciation	<u>(3,280,033,255)</u>	<u>(174,926,443)</u>	<u>81,276,288</u>	<u>-</u>	<u>39,065</u>	<u>(3,373,644,345)</u>
Building under construction and equipment under installation	370,423,103	377,320,186	-	(477,238,929)	-	270,504,360
Machinery in transit	1,295,036	7,162,786	(362,039)	(3,486,986)	-	4,608,797
Property, plant and equipment	<u>1,616,115,105</u>					<u>1,866,232,786</u>
Depreciation for the years ended December 31,						
2018						<u>225,129,654</u>
2017						<u>174,926,443</u>
Gross carrying amount of property, plant and equipment which are fully depreciated and still in use as at December 31,						
2018						<u>2,736,536,281</u>
2017						<u>2,340,544,901</u>

Separate Financial Statements

As at December 31, 2018

					Unit : Baht
	Balances as at January 1, 2018	Increases	Decreases	Transfer in/ (out)	Balances as at December 31, 2018
Cost :					
Land	271,793,489	-	-	-	271,793,489
Land improvements	69,721,861	-	-	57,797,645	127,519,506
Buildings	1,564,045,648	-	(4,558,878)	17,035,175	1,576,521,945
Machinery and equipment	2,033,467,492	13,783,819	(34,504,437)	196,997,243	2,209,744,117
Furniture and office equipment	340,897,166	5,623,369	(1,367,124)	35,869,766	381,023,177
Vehicles	135,095,513	3,573,500	(8,124,500)	5,350,000	135,894,513
Total cost	<u>4,415,021,169</u>	<u>22,980,688</u>	<u>(48,554,939)</u>	<u>313,049,829</u>	<u>4,702,496,747</u>
Accumulated depreciation :					
Land improvements	(65,503,221)	(798,092)	-	-	(66,301,313)
Buildings	(1,180,266,651)	(43,666,594)	4,432,186	-	(1,219,501,059)
Machinery and equipment	(1,502,652,895)	(105,534,866)	33,985,043	-	(1,574,202,718)
Furniture and office equipment	(214,160,567)	(31,171,372)	1,346,590	-	(243,985,349)
Vehicles	(87,140,116)	(13,301,209)	5,668,325	-	(94,773,000)
Total accumulated depreciation	<u>(3,049,723,450)</u>	<u>(194,472,133)</u>	<u>45,432,144</u>	<u>-</u>	<u>(3,198,763,439)</u>
Building under construction and equipment under installation	236,553,450	116,425,510	-	(289,708,745)	63,270,215
Machinery in transit	4,608,796	18,732,288	-	(23,341,084)	-
Property, plant and equipment	<u>1,606,459,965</u>				<u>1,567,003,523</u>

Separate Financial Statements (Continued)

As at December 31, 2017

	Balances as at January 1, 2017	Increases	Decreases	Transfer in/ (out)	Unit : Baht Balances as at December 31, 2017
Cost :					
Land	271,793,489	-	-	-	271,793,489
Land improvements	73,035,449	-	(4,663,588)	1,350,000	69,721,861
Buildings	1,551,385,750	-	(1,830,433)	14,490,331	1,564,045,648
Machinery and equipment	1,853,201,386	12,877,340	(49,853,855)	217,242,621	2,033,467,492
Furniture and office equipment	263,533,016	9,373,175	(13,882,076)	81,873,051	340,897,166
Vehicles	118,242,852	18,718,174	(1,865,513)	-	135,095,513
Total cost	<u>4,131,191,942</u>	<u>40,968,689</u>	<u>(72,095,465)</u>	<u>314,956,003</u>	<u>4,415,021,169</u>
Accumulated depreciation :					
Land improvements	(69,011,983)	(695,802)	4,204,564	-	(65,503,221)
Buildings	(1,135,921,399)	(46,028,952)	1,683,700	-	(1,180,266,651)
Machinery and equipment	(1,467,220,538)	(83,439,084)	48,006,727	-	(1,502,652,895)
Furniture and office equipment	(208,862,193)	(18,873,215)	13,574,841	-	(214,160,567)
Vehicles	(75,646,371)	(13,162,382)	1,668,637	-	(87,140,116)
Total accumulated depreciation	<u>(2,956,662,484)</u>	<u>(162,199,435)</u>	<u>69,138,469</u>	<u>-</u>	<u>(3,049,723,450)</u>
Building under construction and equipment under installation	368,231,996	179,790,470	-	(311,469,016)	236,553,450
Machinery in transit	1,295,036	7,162,786	(362,039)	(3,486,987)	4,608,796
Property, plant and equipment	<u>1,544,056,490</u>				<u>1,606,459,965</u>
Depreciation for the years ended December 31,					
2018					<u>194,472,133</u>
2017					<u>162,199,435</u>
Gross carrying amount of property, plant and equipment which are fully depreciated and still in use as at December 31,					
2018					<u>2,441,608,871</u>
2017					<u>2,106,472,727</u>

As at December 31, 2018 and 2017, the Company used lands, land improvements, buildings and its improvements as collateral with a financial institute for guarantee credit facilities which have total net book values of Baht 495.56 million and Baht 524.00 million, respectively. (see Note 27.3)

As at December 31, 2018 and 2017, land, buildings and its improvements of a subsidiary are used as collateral with a financial institute for guarantee credit facilities, which has total net book values of Baht 21.56 million and Baht 24.62 million, respectively. (see Notes 13 and 27.3)

As at December 31, 2018 and 2017, leased assets included above, where the Company and its subsidiaries are lessee under finance leases, comprise vehicles and office equipment are as follows:

	Consolidated		Unit : Baht	
	Financial Statements 2018	Financial Statements 2017	Separate Financial Statements 2018	Separate Financial Statements 2017
Cost - assets under finance lease agreement	32,102,166	28,637,591	16,272,726	15,889,666
<u>Less</u> Accumulated depreciation	<u>(15,477,843)</u>	<u>(10,184,215)</u>	<u>(8,885,956)</u>	<u>(6,191,135)</u>
Net book value	<u>16,624,323</u>	<u>18,453,376</u>	<u>7,386,770</u>	<u>9,698,531</u>

10. LEASEHOLD RIGHT

Leasehold right as at December 31, consists of the following:

As at December 31, 2018

	Consolidated Financial Statement			Unit : Baht
	Balance as at January 1, 2018	Increases	Exchange differences on translation of financial statements of foreign subsidiary	Balance as at December 31, 2018
Cost :				
Leasehold right for land	84,901,907	-	(632,951)	84,268,956
Total Cost	<u>84,901,907</u>	<u>-</u>	<u>(632,951)</u>	<u>84,268,956</u>
Accumulated amortization :				
Leasehold right for land	(2,004,363)	(1,775,261)	19,134	(3,760,490)
Total Accumulated amortization	<u>(2,004,363)</u>	<u>(1,775,261)</u>	<u>19,134</u>	<u>(3,760,490)</u>
Leasehold right	<u>82,897,544</u>			<u>80,508,466</u>

As at December 31, 2017

	Consolidated Financial Statement			Unit : Baht
	Balance as at January 1, 2017	Increases	Exchange differences on translation of financial statements of foreign subsidiary	Balance as at December 31, 2017
Cost :				
Leasehold right for land	93,586,539	-	(8,684,632)	84,901,907
Total Cost	<u>93,586,539</u>	<u>-</u>	<u>(8,684,632)</u>	<u>84,901,907</u>
Accumulated amortization :				
Leasehold right for land	(242,494)	(1,864,816)	102,947	(2,004,363)
Total Accumulated amortization	<u>(242,494)</u>	<u>(1,864,816)</u>	<u>102,947</u>	<u>(2,004,363)</u>
Leasehold right	<u>93,344,045</u>			<u>82,897,544</u>
Amortization for the years ended December 31,				
2018				<u>1,775,261</u>
2017				<u>1,864,816</u>

As at November 17, 2016, TCCC Myanmar Limited entered into the land leasehold agreement with a local supplier in the republic of the union of Myanmar, for its operating premise, in amounting to USD 2.62 million or equivalent to Baht 93.58 million. Such leasehold right will be expired on June 4, 2064.

11. INTANGIBLE ASSETS

Intangible assets, consists of the following:

Consolidated Financial Statements
As at December 31, 2018

	Balance as at January 1, 2018	Increase	Total	Amortization	Exchange differences on translation of financial statements of foreign subsidiary	Unit : Baht Balance as at December 31, 2018
Right for use of trademarks - net	545,900,757	-	545,900,757	-	-	545,900,757
Right for use of software - net	1,663,924	139,239	1,803,163	(436,331)	(11,703)	1,355,129
	<u>547,564,681</u>	<u>139,239</u>	<u>547,703,920</u>	<u>(436,331)</u>	<u>(11,703)</u>	<u>547,255,886</u>

Consolidated Financial Statements (Continued)
As at December 31, 2017

	Balance as at January 1, 2017	Increase	Total	Amortization	Exchange differences on translation of financial statements of foreign subsidiary	Unit : Baht Balance as at December 31, 2017
Right for use of trademarks - net	545,900,757	-	545,900,757	-	-	545,900,757
Right for use of software - net	-	1,706,469	1,706,469	(44,463)	1,918	1,663,924
	<u>545,900,757</u>	<u>1,706,469</u>	<u>547,607,226</u>	<u>(44,463)</u>	<u>1,918</u>	<u>547,564,681</u>

Amortization for the years ended December 31,

2018	<u>436,331</u>
2017	<u>44,463</u>

Separate Financial Statements
As at December 31, 2018

	Balance as at January 1, 2018	Increase	Total	Amortization	Unit : Baht Balance as at December 31, 2018
Right for use of trademarks - net	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>
	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>

As at December 31, 2017

	Balance as at January 1, 2017	Increase	Total	Amortization	Unit : Baht Balance as at December 31, 2017
Right for use of trademarks - net	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>
	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>	<u>-</u>	<u>545,900,757</u>

Amortization for the years ended December 31,

2018	<u>-</u>
2017	<u>-</u>

The Company engaged an independent appraiser to determine the fair value of the right to use the trademarks referred to above in accordance with the Notification of the Stock Exchange Commission dated April 30, 2004 regarding the opinion for accounting treatment for intangible assets. According to the reports of the independent appraiser dated January 21, 2019 and January 8, 2018, the appraisal values of the fair value of such right as at January 2, 2019 by using the Relief from Royalty Method, and December 26, 2017 by using the Discounted Cash Flow Approach, respectively, are higher than the carrying values.

For the years ended December 31, 2018 and 2017, sale under these trademarks were approximately 97% and 98% of the Company's total revenue from sales, respectively.

12. DEFERRED INCOME TAX AND TAX EXPENSE

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes issued by the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated and separate statements of financial position as at December 31, as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Deferred tax assets	<u>36,561,545</u>	<u>42,984,664</u>	<u>31,898,209</u>	<u>37,733,111</u>
Deferred tax liabilities	<u>116,608,579</u>	<u>116,608,579</u>	<u>109,180,151</u>	<u>109,180,151</u>

Movements of deferred tax assets and liabilities for the years ended December 31, are as follows:

Consolidated Financial Statements

As at December 31, 2018

	Balances as at January 1, 2018	Recognized in profit or loss	Recognized in Other Comprehensive Income (loss)	Unit : Baht
				Balances as at December 31, 2018
Allowance for doubtful accounts	7,056,397	(1,268,237)	-	5,788,160
Allowance for diminution in value of inventories	1,501,474	(1,068,037)	-	433,437
Provision for sale promotions	8,648,764	(4,488,083)	-	4,160,681
Allowance for impairment of investment properties	680,483	-	-	680,483
Provision for employee benefit	23,536,487	2,584,812	(622,515)	25,498,784
Deferred benefits for energy saving	1,561,059	(1,561,059)	-	-
Total deferred tax assets	<u>42,984,664</u>	<u>(5,800,604)</u>	<u>(622,515)</u>	<u>36,561,545</u>
Gain on fair value adjustment from investment in a subsidiary to an associate	7,428,428	-	-	7,428,428
Accumulated amortization - right for use of trademarks	109,180,151	-	-	109,180,151
Total deferred tax liabilities	<u>116,608,579</u>	<u>-</u>	<u>-</u>	<u>116,608,579</u>

Consolidated Financial Statements (Continued)

As at December 31, 2017

	Balances as at January 1, 2017	Recognized in profit or loss	Recognized in Other Comprehensive Income (loss)	Unit : Baht Balances as at December 31, 2017
Allowance for doubtful accounts	7,561,877	(505,480)	-	7,056,397
Allowance for diminution in value of inventories	172,118	1,329,356	-	1,501,474
Provision for sale promotions	8,914,436	(265,672)	-	8,648,764
Allowance for impairment of investment properties	680,483	-	-	680,483
Provision for employee benefit	23,698,922	(1,614,816)	1,452,381	23,536,487
Deferred benefits for energy saving	-	1,561,059	-	1,561,059
Total deferred tax assets	<u>41,027,836</u>	<u>504,447</u>	<u>1,452,381</u>	<u>42,984,664</u>
Gain on fair value adjustment from investment in a subsidiary to an associate	7,428,428	-	-	7,428,428
Accumulated amortization - right for use of trademarks	109,180,151	-	-	109,180,151
Total deferred tax liabilities	<u>116,608,579</u>	<u>-</u>	<u>-</u>	<u>116,608,579</u>

Separate Financial Statements

As at December 31, 2018

	Balances as at January 1, 2018	Recognized in profit or loss	Recognized in Other Comprehensive Income (loss)	Unit : Baht Balances as at December 31, 2018
Allowance for doubtful accounts	6,856,358	(1,253,917)	-	5,602,441
Allowance for diminution in value of inventories	1,447,559	(1,014,122)	-	433,437
Provision for sale promotions	8,648,764	(4,488,083)	-	4,160,681
Allowance for impairment of investment properties	680,483	-	-	680,483
Provision for employee benefit	18,538,888	3,394,715	(912,436)	21,021,167
Deferred benefit for energy saving	1,561,059	(1,561,059)	-	-
Total deferred tax assets	<u>37,733,111</u>	<u>(4,922,466)</u>	<u>(912,436)</u>	<u>31,898,209</u>
Accumulated amortization - right for use of trademarks	109,180,151	-	-	109,180,151
Total deferred tax liabilities	<u>109,180,151</u>	<u>-</u>	<u>-</u>	<u>109,180,151</u>

As at December 31, 2017

	Balances as at January 1, 2017	Recognized in profit or loss	Recognized in Other Comprehensive Income (loss)	Unit : Baht Balances as at December 31, 2017
Allowance for doubtful accounts	7,384,797	(528,439)	-	6,856,358
Allowance for diminution in value of inventories	172,118	1,275,441	-	1,447,559
Provision for sale promotions	8,914,436	(265,672)	-	8,648,764
Allowance for impairment of investment properties	680,483	-	-	680,483
Provision for employee benefit	18,527,074	(1,479,151)	1,490,965	18,538,888
Deferred benefit for energy saving	-	1,561,059	-	1,561,059
Total deferred tax assets	<u>35,678,908</u>	<u>563,238</u>	<u>1,490,965</u>	<u>37,733,111</u>
Accumulated amortization - right for use of trademarks	109,180,151	-	-	109,180,151
Total deferred tax liabilities	<u>109,180,151</u>	<u>-</u>	<u>-</u>	<u>109,180,151</u>

For the years ended December 31, 2018 and 2017, the Group and the Company have applied the tax rate of 20% for calculating tax expense and deferred income tax.

For the years ended December 31, 2018 and 2017, the foreign subsidiary applied the tax rate of each country for calculating tax expense and deferred income tax.

Tax expense for the year ended December 31, consist of the following:

	Consolidated		Unit : Baht	
	Financial Statements	Financial Statements	Separate	Financial Statements
	2018	2017	2018	2017
Current tax expense				
in respect of the current period	348,610,414	484,992,464	337,836,489	472,512,933
Deferred taxes relating to temporary differences	5,800,604	(504,447)	4,922,466	(563,238)
Tax expense	<u>354,411,018</u>	<u>484,488,017</u>	<u>342,758,955</u>	<u>471,949,695</u>
Income tax relating to the components of other comprehensive income (loss)				
Deferred tax relating to actuarial gains (loss)	<u>(622,515)</u>	<u>1,452,381</u>	<u>(912,436)</u>	<u>1,490,965</u>

Tax expense for the years ended December 31, can be reconciled to the accounting profit as follows:

	Consolidated		Unit : Baht	
	Financial Statements	Financial Statements	Separate	Financial Statements
	2018	2017	2018	2017
Profit before tax expense	<u>1,703,955,057</u>	<u>2,431,611,291</u>	<u>1,751,929,768</u>	<u>2,397,510,114</u>
Income tax calculated at 20%	340,791,011	486,322,258	350,385,954	479,502,023
Effect of transactions that are not taxable income and expenses	<u>13,620,007</u>	<u>(1,834,241)</u>	<u>(7,626,999)</u>	<u>(7,552,328)</u>
Tax expense per the statement of profit or loss and other comprehensive income	354,411,018	484,488,017	342,758,955	471,949,695
Tax income (tax expense) relating to the origination and reversal of temporary differences	<u>(5,800,604)</u>	<u>504,447</u>	<u>(4,922,466)</u>	<u>563,238</u>
Income tax per income tax return form	<u>348,610,414</u>	<u>484,992,464</u>	<u>337,836,489</u>	<u>472,512,933</u>
Effective tax rate	20.46	19.95	19.28	19.71

13. BANK OVERDRAFTS

Bank overdrafts as at December 31, consist of the following:

	Consolidated Financial Statements		Unit : Baht Separate Financial Statements	
	2018	2017	2018	2017
Bank overdraft	<u>35,332,981</u>	<u>9,460,963</u>	<u>-</u>	<u>-</u>

As at December 31, 2018 and 2017, a subsidiary entered bank overdraft from financial institution with carried interest rate Minimum Overdraft Rate (MOR), which mortgaged by land, buildings and its improvements (see Note 9).

14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as of December 31, consist of the following:

	Consolidated Financial Statements		Unit : Baht Separate Financial Statements	
	2018	2017	2018	2017
Trade payables	253,037,189	361,321,815	228,043,094	334,200,284
Other payables	64,255,653	95,783,354	63,184,451	94,732,383
Accrued dividends	2,279,637	2,210,236	2,279,637	2,210,236
Accrued expenses	154,169,680	236,277,975	129,132,344	187,062,080
Advance received from customers (see Note 15)	149,164,981	72,027,008	149,163,125	72,027,008
Deferred sales (see Note 15)	<u>105,661,865</u>	<u>130,595,056</u>	<u>90,988,014</u>	<u>130,595,056</u>
	<u>728,569,005</u>	<u>898,215,444</u>	<u>662,790,665</u>	<u>820,827,047</u>

15. DEFERRED SALES AND ADVANCE RECEIVED FROM CUSTOMERS

Deferred sales and advance received from customers represent obligations that the Company and a subsidiary have to deliver fertilizer to the holders of the delivery orders (the “fertilizer notes”) which have been issued by the Company and a subsidiary to their customers.

Deferred sales represent the issued fertilizer notes which have not yet been delivered fertilizer and not yet been received the payment. The Company and a subsidiary has accounted for such outstanding balance of the unpaid and undelivered fertilizer notes in trade receivables at the same amount. However, in the business practice, the customers may cancel the undelivered fertilizer notes which they have not paid for while the Company and a subsidiary are unable to cancel the undelivered fertilizer notes.

While inventories in the consolidated and separate financial statements as at December 31, 2018 and 2017 included inventories which were under the obligations that the Company and a subsidiary issued fertilizer notes or received payments from customers but the fertilizer has not been delivered (see Note 7). The Company and a subsidiary have recorded such transactions as “Advance received from customers” and “Deferred sales”, respectively. These obligations as at December 31, 2018 and 2017, consist of:

	Unit : Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Advance received from customers (see Note 14)	149,164,981	72,027,008	149,163,125	72,027,008
Deferred sales (see Note 14)	<u>105,661,865</u>	<u>130,595,056</u>	<u>90,988,014</u>	<u>130,595,056</u>
	<u>254,826,846</u>	<u>202,622,064</u>	<u>240,151,139</u>	<u>202,622,064</u>

16. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements as at December 31, consist of the following:

Consolidated Financial Statements

	Unit : Baht			
	Minimum		Present value of minimum	
	lease payments		lease payments	
	2018	2017	2018	2017
Not later than one year	5,800,968	7,695,509	5,424,023	7,073,625
Later than one year and not later than five years	<u>4,718,941</u>	<u>8,983,935</u>	<u>4,532,355</u>	<u>8,569,508</u>
	10,519,909	16,679,444	9,956,378	15,643,133
<u>Less</u> Deferred interest	<u>(563,531)</u>	<u>(1,036,311)</u>	-	-
Present value of minimum lease payments	<u>9,956,378</u>	<u>15,643,133</u>	<u>9,956,378</u>	<u>15,643,133</u>
			2018	2017
Presented in the statements of financial position as follows:				
Current portion of liabilities under finance lease agreements			5,424,023	7,073,625
Liabilities under finance lease agreements			<u>4,532,355</u>	<u>8,569,508</u>
			<u>9,956,378</u>	<u>15,643,133</u>

Separate Financial Statements

	Unit : Baht			
	Minimum		Present value of minimum	
	lease payments		lease payments	
	2018	2017	2018	2017
Not later than one year	2,710,940	4,484,117	2,556,382	4,186,295
Later than one year and not later than five years	<u>1,821,315</u>	<u>4,118,133</u>	<u>1,751,405</u>	<u>3,943,170</u>
	4,532,255	8,602,250	4,307,787	8,129,465
<u>Less</u> Deferred interest	<u>(224,468)</u>	<u>(472,785)</u>	-	-
Present value of minimum lease payments	<u>4,307,787</u>	<u>8,129,465</u>	<u>4,307,787</u>	<u>8,129,465</u>
			2018	2017
Presented in the statements of financial position as follows:				
Current portion of liabilities under finance lease agreements			2,556,382	4,186,295
Liabilities under finance lease agreements			<u>1,751,405</u>	<u>3,943,170</u>
			<u>4,307,787</u>	<u>8,129,465</u>

17. PROVISION FOR EMPLOYEE BENEFIT

The Company and its subsidiaries operate post-employment benefits obligation due upon retirement under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

	Consolidated		Unit : Baht Separate	
	Financial Statements 2018	Financial Statements 2017	Financial Statements 2018	Financial Statements 2017
Presented in the statements of financial position as follows:				
Current provision for employee benefit	12,293,544	19,289,415	7,762,812	13,286,008
Non-current provision for employee benefit	<u>123,634,686</u>	<u>111,679,027</u>	<u>105,105,834</u>	<u>92,694,441</u>
Total	<u>135,928,230</u>	<u>130,968,442</u>	<u>112,868,646</u>	<u>105,980,449</u>

Amounts recognized in the statements of comprehensive income in respect of the post-employment benefit obligation due upon retirement for the years ended December 31, are as follows:

	Consolidated		Unit : Baht Separate	
	Financial Statements 2018	Financial Statements 2017	Financial Statements 2018	Financial Statements 2017
Current service cost	24,557,628	4,193,315	22,567,589	3,545,001
Interest cost	2,855,965	3,102,935	2,168,796	2,345,259
Actuarial (gains) loss	<u>(3,112,577)</u>	<u>7,261,904</u>	<u>(4,562,180)</u>	<u>7,454,823</u>
	<u>24,301,016</u>	<u>14,558,154</u>	<u>20,174,205</u>	<u>13,345,083</u>

Movements in provision for employee benefit for the years ended December 31, are as follows:

	Consolidated		Unit : Baht Separate	
	Financial Statements 2018	Financial Statements 2017	Financial Statements 2018	Financial Statements 2017
Beginning provision for employee benefit	130,968,442	126,295,468	105,980,449	100,436,226
Current service cost	24,557,628	4,193,315	22,567,589	3,545,001
Interest cost	2,855,965	3,102,935	2,168,796	2,345,259
Actuarial (gains) loss	<u>(3,112,577)</u>	<u>7,261,904</u>	<u>(4,562,180)</u>	<u>7,454,823</u>
Benefit paid	<u>(19,341,228)</u>	<u>(9,885,180)</u>	<u>(13,286,008)</u>	<u>(7,800,860)</u>
Ending provision for employee benefit	<u>135,928,230</u>	<u>130,968,442</u>	<u>112,868,646</u>	<u>105,980,449</u>

The principal actuarial assumptions used to calculate the provision for employee benefit as at December 31, are as follows:

	Consolidated and Separate Financial Statements	
	2018 (% p.a.)	2017 (% p.a.)
Discount rate	2.75	2.93
Turnover rate	0 - 6	0 - 6
	Depend on range of employee age	Depend on range of employee age
Salary increasing rate	0 - 6	0 - 5
Gold price rate	19,500	19,900
Future gold price growth	3	3

The sensitivity analysis of the above actuarial assumptions impacted in present value of the provision for employee benefit as at December 31, 2018 are as follows:

	Consolidated	Unit : Million Baht Separate
	Financial Statements	Financial Statements
Discount rate		
Discount rate, decrease of 0.5 percent	8.55	7.43
Discount rate, increase of 0.5 percent	(7.63)	(6.61)
Turnover rates		
Turnover rates, decrease of 1 percent	8.58	7.46
Turnover rates, increase of 1 percent	(7.22)	(6.25)
Salary increasing rates		
Salary growth rates, decrease of 1 percent	(7.14)	(6.18)
Salary growth rates, increase of 1 percent	9.16	7.97
Future gold price rate		
Gold price growth rates, decrease of 1 percent	(7.81)	(6.78)
Gold price growth rates, increase of 1 percent	7.90	6.86

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management of the Company judgmentally considered that the plan amendment has occurred and recognized past service cost as an expense when the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. The Company have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 10.88 million in the statement of comprehensive income for the year ended December 31, 2018.

18. PROVIDENT FUND

The Company and its subsidiaries have a contributory provident fund for those employees. The contributions from employees are deducted from the monthly salaries, with the Company and its subsidiaries matching the individual's contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2018 and 2017, the Company's contribution and subsidiaries' contribution to provident fund which were recorded as expenses in the consolidated financial statements in amounts of Baht 16.11 million and Baht 16.03 million, respectively.

For the years ended December 31, 2018 and 2017, the Company's contribution to provident fund which was recorded as expenses in the separate financial statements in amounts of Baht 13.19 million and Baht 12.87 million, respectively.

19. OTHER INCOME

Other income for the years ended December 31, consists of the following:

	Consolidated		Separate		Unit : Baht
	Financial Statements		Financial Statements		
	2018	2017	2018	2017	
Interest income	57,608,905	60,773,408	55,371,780	57,314,465	
Rental income	6,242,138	6,397,434	19,467,115	19,284,561	
Dividend income	-	-	18,387,440	15,837,440	
Gain on sale of investment properties	-	20,367,959	-	20,367,959	
Gain on sale of property, plant and equipment	4,936,314	6,541,487	2,868,399	1,202,099	
Gain on foreign exchange rate-net	41,014,040	-	44,400,751	-	
Others	25,615,772	19,108,918	26,258,335	15,804,539	
	<u>135,417,169</u>	<u>113,189,206</u>	<u>166,753,820</u>	<u>129,811,063</u>	

20. EXPENSES BY NATURE

Expenses by nature for the years ended December 31, have been arrived at the following significant expenses:

	Consolidated		Separate		Unit : Baht
	Financial Statements		Financial Statements		
	2018	2017	2018	2017	
Changes in finished goods and work in process	88,135,552	(118,533,738)	222,592,434	(103,557,681)	
Cost of finished goods purchased	327,183,362	302,780,378	-	-	
Raw materials used	6,860,255,935	7,422,955,398	6,855,974,668	7,400,357,356	
Employee benefit expenses	513,335,315	581,828,264	426,793,276	514,086,991	
Depreciation and amortization	227,341,246	176,835,722	194,472,133	162,199,435	
(Reversal) loss on diminution in value of inventories	(5,340,188)	6,646,777	(5,070,613)	6,377,202	
Reversal doubtful accounts	(6,341,186)	(2,527,397)	(6,269,585)	(2,642,192)	

21. SHARE DISCOUNT ON ORDINARY SHARES

Share discount on ordinary shares as at December 31, consist of the following:

	Consolidated		Unit : Baht	
	Financial Statements		Separate	
	2018	2017	2018	2017
Share premium on ordinary shares	2,280,000,000	2,280,000,000	2,280,000,000	2,280,000,000
Share discount on ordinary shares	<u>(2,323,570,340)</u>	<u>(2,323,570,340)</u>	<u>(2,323,570,340)</u>	<u>(2,323,570,340)</u>
	<u>(43,570,340)</u>	<u>(43,570,340)</u>	<u>(43,570,340)</u>	<u>(43,570,340)</u>

22. CAPITAL MANAGEMENT

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company does not apply any financial ratio to monitor its capital whilst manages its capital to be sufficient for its working capital.

23. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net income deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital. Such reserve fund is not available for distribution as dividend.

24. DIVIDENDS

On March 29, 2018, the ordinary shareholders' meeting of the Company passed a resolution to pay dividends to shareholders at Baht 2.00 per share, totaling Baht 1,169.43 million as an appropriation of net profit for 2017 in the portion that is not entitled total privilege from the Board of Investment. Such dividends were subsequently paid in April 2018.

On March 29, 2017, the ordinary shareholders' meeting of the Company passed a resolution to pay dividends to shareholders at Baht 3.20 per share, totaling Baht 1,871.09 million as an appropriation of net profit for 2016 in the portion that is not entitled total privilege from the Board of Investment. Such dividends were subsequently paid in April 2017.

The Annual General Shareholders' Meetings of subsidiaries passed a resolution to distribute annual dividends for the year 2017 to ordinary shareholders as follows:

Company name	General shareholders' meeting date	Dividend per share (Baht)	Dividend paid to		Unit : Thousand Baht
			Owners of parent	Non-controlling interests	Total amount
N.I.M. Company Limited	March 30, 2018	2.10	13,387	12,863	26,250
MC Agro-Chemicals Company Limited	March 30, 2018	10.00	5,000	-	5,000
			<u>18,387</u>	<u>12,863</u>	<u>31,250</u>

The Annual General Shareholders' Meetings of subsidiaries passed a resolution to distribute annual dividends for the year 2016 to ordinary shareholders as follows:

Company name	General shareholders' meeting date	Dividend per share (Baht)	Dividend paid to		Unit : Thousand Baht
			Owners of parent	Non-controlling interests	Total amount
N.I.M. Company Limited	April 11, 2017	1.70	10,837	10,413	21,250
MC Agro-Chemicals Company Limited	April 26, 2017	10.00	5,000	-	5,000
			<u>15,837</u>	<u>10,413</u>	<u>26,250</u>

25. TRANSACTIONS BETWEEN RELATED PARTIES

Transactions between related parties are as follows:

25.1 Investments

25.1.1 Investment in an associate

As at December 31, 2018

Company name	Type of business	Relationship	Paid-up capital	Ownership %	Cost	Investment	
						Equity	Dividend received
ASSOCIATED COMPANY							
Central Pacific (Thailand) Corporation Limited	Leased out warehouse	Associate	200,000,000	49.00	98,000,000	136,247,216	-

As at December 31, 2017

Company name	Type of business	Relationship	Paid-up capital	Ownership %	Cost	Investment	
						Equity	Dividend received
ASSOCIATED COMPANY							
Central Pacific (Thailand) Corporation Limited	Leased out warehouse	Associate	200,000,000	49.00	98,000,000	135,961,629	-

Aggregate information of an associate that is not individually material

Share of profit from investment in an associate for the years ended December 31, consist of the following:

	Unit : Baht	
	Consolidated	
	Financial Statements	
	2018	2017
Share of profit from investment in an associate	<u>285,587</u>	<u>285,136</u>

25.1.2 Investments in subsidiaries

Company name	Type of business	Relationship	Paid-up capital		Ownership %		Cost	
			2018	2017	2018	2017	2018	2017
SUBSIDIARIES								
N.I.M. Company Limited	Leased out tank yard for containing chemical	Subsidiary	125,000	125,000	51.00	51.00	63,750	63,750
MC Agro-Chemicals Company Limited	Repacking and Formulating	Subsidiary	50,000	50,000	99.99	99.99	49,999	49,999
TCCC Myanmar Limited	Producer, importer and Distributor	Subsidiary	439,106	439,106	99.99	99.99	<u>439,106</u>	<u>439,106</u>
							<u>552,855</u>	<u>552,855</u>

25.2 Business transactions with related parties

25.2.1 Balances with related parties as at December 31, consist of the following:

Account name/ Company's name	Relationship	Consolidated		Separate	
		Financial Statements 2018	Financial Statements 2017	Financial Statements 2018	Financial Statements 2017
Trade receivables					
Sojitz Corporation Group	Major shareholder	134,966	100,824	-	-
TCCC Myanmar Limited	Subsidiary	<u>-</u>	<u>-</u>	<u>73,331,732</u>	<u>-</u>
		<u>134,966</u>	<u>100,824</u>	<u>73,331,732</u>	<u>-</u>
Other receivables					
N.I.M. Company Limited	Subsidiary	-	-	552,010	880,641
MC Agro-Chemicals Company Limited	Subsidiary	-	-	86,567	104,328
TCCC Myanmar Limited	Subsidiary	<u>-</u>	<u>-</u>	<u>711,637</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>1,350,214</u>	<u>984,969</u>
Trade payables					
Sojitz Corporation Group	Major shareholder	<u>6,523,205</u>	<u>6,569,686</u>	<u>-</u>	<u>-</u>
Other payables					
Metro Systems Corporation Public Company Limited	Related Company	<u>216,729</u>	<u>216,729</u>	<u>198,539</u>	<u>198,539</u>
Other current liabilities					
TCCC Myanmar Limited	Subsidiary	<u>-</u>	<u>-</u>	<u>17,186</u>	<u>-</u>

25.2.2 Transactions with related parties for the years ended December 31, consist of the following:

Account name/ Company's name	Relationship	Unit : Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
Revenues from sales and services					
Sojitz Corporation Group	Major shareholder	7,895,169	9,195,702	-	-
TCCC Myanmar Limited	Subsidiary	-	-	252,876,594	-
		<u>7,895,169</u>	<u>9,195,702</u>	<u>252,876,594</u>	<u>-</u>
Other income					
N.I.M. Company Limited	Subsidiary	-	-	14,318,447	13,978,060
MC Agro-Chemicals Company Limited	Subsidiary	-	-	69,788	90,249
TCCC Myanmar Limited	Subsidiary	-	-	2,938,308	-
		<u>-</u>	<u>-</u>	<u>17,326,543</u>	<u>14,068,309</u>
Dividend income					
N.I.M. Company Limited	Subsidiary	-	-	13,387,500	10,837,500
MC Agro-Chemicals Company Limited	Subsidiary	-	-	4,999,940	4,999,940
		<u>-</u>	<u>-</u>	<u>18,387,440</u>	<u>15,837,440</u>
Purchases					
Sojitz Corporation Group	Major shareholder	12,948,760	13,869,767	-	-
Purchase assets					
Metro Systems Corporation Public Company Limited	Related Company	-	4,601,000	-	4,601,000
Other expenses					
Metro Systems Corporation Public Company Limited	Related Company	2,432,600	2,442,600	2,226,600	2,226,600
Managements' remuneration					
	Directors	36,208,779	46,416,819	35,836,779	46,044,819

Purchases and sales with subsidiaries and Sojitz Corporation Group, terms and prices are those agreed upon by the buyer and the seller based on market prices.

26. SIGNIFICANT AGREEMENTS

26.1 Technical assistance agreement

The Company has a technical assistance agreement with a company in Japan. The Company is obligated to pay a basic retaining fee of USD 50,000 per annum. The agreement is in effect for a period of one year and shall be automatically renewed on a yearly basis unless either party expresses its intention not to renew the agreement by written notice to other party at least three months before the expiring date.

26.2 Energy performance agreement

The Company entered into Energy Performance Contract (EPC) with a company. The Company will be advised to improve the efficiency of energy saving and has to pay monthly advisory fees based on percentage of the electricity power saving value in each month as specified in the agreement. The period of payment starts when the cogeneration project is complete and will pay some saving amount according to Energy Performance Contract.

27. COMMITMENTS AND CONTINGENT LIABILITIES

27.1 The Company has capital commitments for capital expenditure as at December 31, 2018 and 2017, of Baht 37.29 million and Baht 63.63 million, respectively.

A foreign subsidiary has capital commitment for capital expenditure as at December 31, 2018 and 2017, of USD 0.01 million (or equivalent Baht 0.34 million) and USD 0.31 million (or equivalent Baht 10.21 million), respectively.

27.2 As at December 31, the Company and its subsidiaries have leased office buildings, warehouse, vehicles and office equipment under operating lease agreements. The future lease payments are summarized as follows:

	Consolidated		Separate		Unit : Baht
	Financial Statements		Financial Statements		
	2018	2017	2018	2017	
Not later than one year	39,520,048	39,808,755	29,975,693	33,534,420	
Later than one year but not later five years	25,165,112	26,706,206	25,049,612	23,712,458	
	<u>64,685,160</u>	<u>66,514,961</u>	<u>55,025,305</u>	<u>57,246,878</u>	

For the years ended December 31, 2018 and 2017, the Company and its subsidiaries recognized rental fees from operating lease agreements of Baht 57.71 million and Baht 46.56 million in the consolidated financial statements, respectively, and for the separate financial statements of Baht 41.57 million and Baht 42.33 million, respectively.

27.3 The Company and its subsidiaries are granted credit facilities from financial institutions which consisted of bank overdrafts and short-term borrowings, letters of credit, forward contracts and letters of guarantee.

As at December 31, 2018 and 2017, the unused credit facilities, consist of:

	Currency	Consolidated		Separate		Unit : Million
		Financial Statements		Financial Statements		
		2018	2017	2018	2017	
Credit facilities*	Baht	11,627.23	11,267.39	11,466.53	11,077.53	
	USD	30.00	30.00	30.00	30.00	
	EUR	-	0.04	-	-	
Credit facility for forward exchange contracts	Baht	2,483.13	2,502.62	2,466.08	2,482.62	
	USD	167.54	157.39	162.24	151.35	
Letter of guarantee	Baht	91.34	91.34	91.34	91.34	

As at December 31, 2018 and 2017, credit facilities of the Company and its subsidiaries pledged by land, buildings and its improvements (see Note 9).

* The Company and its subsidiaries has been allowed by certain financial institutions to have forward exchange contracts for letters of credit and trust receipts granted under such credit.

27.4 The Company and its subsidiaries has commitments with banks for letters of guarantee issued as at December 31, consist of the following:

	Consolidated Financial Statements		Unit : Baht Separate Financial Statements	
	2018	2017	2018	2017
Letters of guarantee for electricity	<u>8,830,500</u>	<u>8,830,500</u>	<u>8,655,500</u>	<u>8,655,500</u>

27.5 As at December 31, 2018, the Company has commitment with a bank regarding the outstanding letters of credit amounting to USD 1.62 million (or equivalent to Baht 52.82 million).

As at December 31, 2017, the Company has commitment with a bank regarding the outstanding letters of credit amounting to USD 10.30 million and EUR 0.05 million (or equivalent to Baht 340.42 million).

As at December 31, 2018 and 2017, a subsidiary have commitment with a bank regarding the outstanding letters of credit amounting to USD 0.07 million (or equivalent to Baht 2.31 million) and EUR 0.04 million (or equivalent to Baht 1.59 million), respectively.

28. BUSINESS SEGMENT INFORMATION

The Company's main business is to manufacture, import, export and distribute various chemical fertilizer compound. The subsidiaries' main businesses are to manufacture, import and distribute various chemical fertilizer compound, solvents, industrial chemical, rental services and others. The Company and subsidiaries have a single geographical segment because the Company and subsidiaries carry on the significant businesses in Thailand.

For the year ended December 31, 2018, the business segment information of the Company and its subsidiaries classified by industries is as follows:

	Sales and other income	Total comprehensive income (loss)	Unit : Baht Assets employed
Fertilizer	10,272,185,542	1,651,315,521	11,206,647,292
Rental services	121,954,893	46,213,228	235,556,365
Others	351,797,233	9,538,885	282,432,303
<u>Less</u> Intersegment revenues	<u>(288,177,513)</u>		
Total revenues	<u>10,457,760,155</u>		
Profit before income tax expense		1,707,067,634	
<u>Less</u> Income tax expense		<u>(355,033,533)</u>	
Total comprehensive income		<u>1,352,034,101</u>	
			<u>11,724,635,960</u>
<u>Less</u> Intersegment assets			<u>(597,283,259)</u>
Total assets			<u>11,127,352,701</u>
<u>Less</u> Non-controlling interests in total comprehensive income		(18,125,420)	
Exchange differences on translation of financial statements of foreign subsidiary		<u>(3,723,574)</u>	
Total comprehensive income attributable to owners of the parent		<u>1,330,185,107</u>	
Consolidated assets as at December 31, 2018			<u>11,127,352,701</u>

For the year ended December 31, 2017, the business segment information of the Company and its subsidiaries classified by industries is as follows:

	Sales and other income	Total comprehensive income (loss)	Unit : Baht Assets employed
Fertilizer	11,150,621,065	2,361,753,761	11,217,204,845
Rental services	121,269,632	36,909,004	233,684,551
Others	411,026,081	25,686,622	262,961,360
<u>Less</u> Intersegment revenues	<u>(29,620,613)</u>		
Total revenues	<u>11,653,296,165</u>		
Profit before income tax expense		<u>2,424,349,387</u>	
<u>Less</u> Income tax expense		<u>(483,035,636)</u>	
Total comprehensive income		<u>1,941,313,751</u>	
			<u>11,713,850,756</u>
<u>Less</u> Intersegment assets			<u>(515,878,321)</u>
Total assets			<u>11,197,972,435</u>
<u>Less</u> Non-controlling interests in total comprehensive income		(14,493,421)	
Exchange differences on translation of financial statements of foreign subsidiary		<u>(35,094,193)</u>	
Total comprehensive income attributable to owners of the parent		<u>1,891,726,137</u>	
Consolidated assets as at December 31, 2017			<u>11,197,972,435</u>

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

29.1 Credit risk

Credit risk refers to the risk that counterparty default on its contractual obligations resulting in a financial loss to the Company and its subsidiaries. In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of a portion of allowance for doubtful accounts, represents the Company and its subsidiaries maximum exposure to credit risk. Concentrations of the credit risk with respect to trade receivables are limited due to the large number of customers comprising the customer base, and their dispersion across different geographic regions in Thailand.

29.2 Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Company and its subsidiaries in the current reporting period and in the future years. In case the interest rate is higher, it may have an impact to the Company's and subsidiaries' operations due to the Company's significant loans.

29.3 Fair value of financial instruments

CONSOLIDATED FINANCIAL STATEMENTS

	<u>As at December 31, 2018</u>		Fair value hierarchy	Unit : Thousand Baht Valuation techniques and key inputs
	Carrying Amount	Fair Value		
<u>Financial assets</u>				
Cash and cash equivalents	5,516,734	5,516,734	Level 2	Net present value of expected cash inflow
Current investments	175,324	175,324	Level 2	Net present value of expected cash inflow
Trade receivables	345,205	345,205	Level 2	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Bank overdrafts	35,333	35,333	Level 2	Net present value of expected cash inflow
Trade payables	253,037	253,037	Level 2	Net present value of expected cash inflow
Liabilities under finance lease agreements (including current portion)	9,956	9,282	Level 2	Net present value of expected cash inflow

	<u>As at December 31, 2017</u>		Fair value hierarchy	Unit : Thousand Baht Valuation techniques and key inputs
	Carrying Amount	Fair Value		
<u>Financial assets</u>				
Cash and cash equivalents	4,679,930	4,679,930	Level 2	Net present value of expected cash inflow
Current investments	973,265	973,265	Level 2	Net present value of expected cash inflow
Trade receivables	713,539	713,539	Level 2	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Bank overdrafts and short-term borrowings from financial institutions	9,461	9,461	Level 2	Net present value of expected cash inflow
Trade payables	361,322	361,322	Level 2	Net present value of expected cash inflow
Liabilities under finance lease agreements (including current portion)	15,643	14,401	Level 2	Net present value of expected cash inflow

SEPARATE FINANCIAL STATEMENTS

	<u>As at December 31, 2018</u>		Fair value hierarchy	Unit : Thousand Baht
	Carrying Amount	Fair Value		Valuation techniques Carrying Amount
<u>Financial assets</u>				
Cash and cash equivalents	5,443,612	5,443,612	Level 2	Net present value of expected cash inflow
Trade receivables	359,562	359,562	Level 2	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Trade payables	228,043	228,043	Level 2	Net present value of expected cash inflow
Liabilities under finance lease agreements (including current portion)	4,308	4,011	Level 2	Net present value of expected cash inflow

	<u>As at December 31, 2017</u>		Fair value hierarchy	Unit : Thousand Baht
	Carrying Amount	Fair Value		Valuation techniques Carrying Amount
<u>Financial assets</u>				
Cash and cash equivalents	4,476,263	4,476,263	Level 2	Net present value of expected cash inflow
Current investments	800,000	800,000	Level 2	Net present value of expected cash inflow
Trade receivables	649,556	649,556	Level 2	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Trade payables	334,200	334,200	Level 2	Net present value of expected cash inflow
Liabilities under finance lease agreements (including current portion)	8,129	7,494	Level 2	Net present value of expected cash inflow

29.4 Foreign exchange risk

Forward exchange contract

As at December 31, the Company and its subsidiaries entered into various forward exchange contracts with banks to hedge certain portions of their assets and liabilities denominated in foreign currencies. The details of such contracts are as follows:

Forward purchase contracts				The remaining Period day	Net fair value gain (loss)	Fair value hierarchy	Valuation Technique(s)
Currency	Amount	Average Rate					
As at December 31, 2018							
The Company	USD	9,224,043	32.4827	5 - 272	(1,089,630)	Level 2	Discontinued cash flow*
A subsidiary	USD	2,297,798	32.8139	3 - 179	(963,918)		

* Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Unit : Baht

Forward purchase contracts				The remaining Period (day)	Net fair value gain (loss)	Fair value hierarchy	Valuation Technique(s)
	Currency	Amount	Average Rate				
As at December 31, 2017							
The Company	USD	16,150,805	32.8037	13 - 272	(2,120,341)	Level 2	Discontinued cash flow*
	EUR	109,967	39.7764	8 - 272	17,371		
	YEN	20,993,000	0.3106	173	(398,447)		
A subsidiary	USD	1,460,247	33.0740	6 - 151	(635,993)		

Unit : Baht

Forward sell contracts				The remaining Period (day)	Net fair value gain (loss)	Fair value hierarchy	Valuation Technique(s)
	Currency	Amount	Average Rate				
As at December 31, 2018							
The Company	USD	2,562,943	32.4910	93 - 178	848,946	Level 2	Discontinued cash flow*
As at December 31, 2017							
The Company	USD	5,642,270	32.7750	67 - 160	1,973,469	Level 2	Discontinued cash flow*

* Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Foreign assets and liabilities

As at December 31, the Company and its subsidiaries have foreign assets and liabilities which part of forward exchange contracts with banks to hedge certain portions of their assets and liabilities denominated in foreign currencies are as follows:

		Foreign assets	
		Currency	Amount
As at December 31, 2018			
The Company		USD	2,709,797
		MMK	4,738,982
Subsidiaries		USD	461,429
		MMK	132,831,538
As at December 31, 2017			
The Company		USD	5,980,236
		MMK	3,896,827
Subsidiaries		USD	3,973,436
		MMK	6,605,491
		Foreign liabilities	
		Currency	Amount
As at December 31, 2018			
The Company		USD	5,324,709
		USD	1,680,849
As at December 31, 2017			
The Company		USD	8,239,557
		EUR	6,224
		USD	851,547
Subsidiaries		USD	
		USD	

30. EVENT AFTER THE REPORTING PERIOD

On February 22, 2019, the Board of Directors' meeting of the Company approved annual dividend payment for the operating result of 2018 at Baht 1.50 per share, totaling Baht 877.10 million. However, the approval for the dividend shall be proposed to the Annual General Meeting of shareholders of the Company for the year 2019 for further consideration and approval.

31. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issue by the authorized directors of the Company on February 22, 2019.