**THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

**“Unaudited”**

**1. OPERATIONS AND GENERAL INFORMATION**

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

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 producer, importer and dealer 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%.

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 Province. 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. In order to be a producer, importer and dealer of various chemical fertilizer compound.

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

2.1 These consolidated and separate interim financial statements of Thai Central Chemical Public Company Limited (the “Company”) are prepared in Thai Baht and in compliance with Thai Accounting Standard (“TAS”) No. 34 (Revised 2017) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to the interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.

2.2 The consolidated and separate statements of financial position as at December 31, 2017, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been previously audited.

2.3 The unaudited results of operations presented in the three-month period ended March 31, 2018 are not necessarily an indication nor anticipation of the operating results for the full year.

2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended March 31, 2018, should be read in conjunction with the audited financial statements for the year ended December 31, 2017.

2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from this interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended March 31, 2018, have included the subsidiaries’ interim financial statements for the three-month period ended March 31, 2018 which were reviewed.

2.6 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements.

During the period, 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 Company’s financial statements.

2.7 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

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 is in the process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

2.8 The consolidated interim financial statements include the account balances of the Company and the subsidiaries, after eliminating intercompany transactions and balances. The Company’s holdings in subsidiaries are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** | | **As at** |
|  | **March 31,** | | **December 31,** |
|  | **2018** | **2017** | **2017** |
|  | **Percentage of holding** | | **Percentage of holding** |
|  |  |  |  |
| N.I.M. Company Limited | 51.00 | 51.00 | 51.00 |
| MC Agro-Chemicals Company Limited | 99.99 | 99.99 | 99.99 |
| TCCC Myanmar Limited | 99.99 | 99.99 | 99.99 |

**3. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2017.

**4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION**

4.1 Purchases of property, plant and equipment for the three-month periods ended March 31, 2018 and 2017 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Payables-Assets acquisition as at January 1, | 33,785 |  | 9,771 |  | 18,077 |  | 9,768 |
| Add Purchases of property, plant and equipment | 71,151 |  | 151,181 |  | 47,583 |  | 108,764 |
| Less Purchases of property, plant and |  |  |  |  |  |  |  |
| equipment under finance lease agreements | - |  | (1,649) |  | - |  | (1,649) |
| Less Cash payments | (85,628) |  | (99,036) |  | (61,660) |  | (101,041) |
| Payables-Assets acquisition as at March 31, | 19,308 |  | 60,267 |  | 4,000 |  | 15,842 |
|  |  |  |  |  |  |  |  |
| Liabilities under finance lease agreements |  |  |  |  |  |  |  |
| (including current portion) as at January 1, | 15,644 |  | 14,191 |  | 8,130 |  | 6,183 |
| Add Purchases of property, plant and |  |  |  |  |  |  |  |
| equipment under finance lease agreements | - |  | 1,649 |  | - |  | 1,649 |
| Less Cash payments | (1,768) |  | (1,481) |  | (1,036) |  | (756) |
| Liabilities under finance lease agreements |  |  |  |  |  |  |  |
| (including current portion) as at March 31, | 13,876 |  | 14,359 |  | 7,094 |  | 7,076 |

4.2 The cash flow from bank overdraft and short-term borrowing from financial institutions for the three-month periods ended March 31, 2018 and 2017 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Bank overdraft and short-term borrowings from financial institutions as at January 1, | 9,461 |  | 10,843 |  | - |  | - |
| Add/(less) Cash received (paid) | (3,712) |  | 11,278 |  | - |  | - |
| Less Unrealized loss on foreign exchange rate | (14) |  | - |  | - |  | - |
| Bank overdraft and short-term borrowings from financial institutions as at March 31, | 5,735 |  | 22,121 |  | - |  | - |

4.3 Cash and cash equivalents

Cash and cash equivalents as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | | | **Separate** | | | |
|  | **Financial Statements** | | |  | | | **Financial Statements** | | | |
|  | **As at** |  | **As at** | |  | **As at** | |  | **As at** |
|  | **March 31,** |  | **December 31,** | |  | **March 31,** | |  | **December 31,** |
|  | **2018** |  | **2017** | |  | **2018** | |  | **2017** |
|  |  |  |  | |  |  | |  |  |
| Cash on hand | 904 |  | 992 | |  | 505 | |  | 574 |
| Bank deposits in savings and |  |  |  | |  |  | |  |  |
| current accounts | 1,275,516 |  | 2,075,876 | |  | 1,119,230 | |  | 1,872,939 |
| Cheque on hand | 312 |  | 3,060 | |  | - | |  | 2,748 |
| Time deposits with maturity |  |  |  | |  |  | |  |  |
| within 3 months |  |  |  | |  |  | |  |  |
| (interest rates 1.12% - 1.35% per annum) | 4,000,002 |  | 2,600,002 | |  | 4,000,002 | |  | 2,600,002 |
|  | 5,276,734 |  | 4,679,930 | |  | 5,119,737 | |  | 4,476,263 |

**5. CURRENT INVESTMENTS**

Current investments as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Maturity** | | | **Interest rate** | | **Consolidated** | | |
|  | **date** | | | **(% per annum)** | | **Financial Statements** | | |
|  | **As at** |  | **As at** | **As at** | **As at** | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** | **March 31,** | **December 31,** | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** | **2018** | **2017** | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |  |
| Time deposits | Maturity date over | | |  |  |  |  |  |
|  | 3 months but less than 1 year | | | 1 - 1.38 | 1 - 1.50 | 173,258 |  | 973,265 |
|  |  | | |  | |  | | |
|  | **Maturity** | | | **Interest rate** | | **Separate** | | |
|  | **date** | | | **(% per annum)** | | **Financial Statements** | | |
|  | **As at** |  | **As at** | **As at** | **As at** | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** | **March 31,** | **December 31,** | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** | **2018** | **2017** | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |  |
| Time deposits | Maturity date over | | |  |  |  |  |  |
|  | 3 months but less than 1 year | | | - | 1.38 | - |  | 800,000 |

**6. TRADE AND OTHER CURRENT RECEIVABLES**

6.1 Trade and other current receivables as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Trade receivables | 1,111,587 |  | 713,539 |  | 1,065,011 |  | 649,556 |
| Other receivables | 13,673 |  | 25,914 |  | 14,442 |  | 26,861 |
| Prepaid expenses | 36,136 |  | 45,839 |  | 29,634 |  | 40,175 |
| Accrued income | 6,340 |  | 8,506 |  | 5,075 |  | 7,735 |
| Advance payments | 5,434 |  | 867 |  | 5,282 |  | 693 |
| Advance payment for bidding | 9,284 |  | - |  | 9,284 |  | - |
| Dividend receivables | - |  | - |  | 18,387 |  | - |
|  | 1,182,454 |  | 794,665 |  | 1,147,115 |  | 725,020 |

6.2 Trade receivables as at March 31, 2018 and December 31, 2017, are classified by aging as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Number of outstanding trade receivables | 463 |  | 421 |  | 203 |  | 152 |
|  |  |  |  |  |  |  |  |
| Other companies |  |  |  |  |  |  |  |
| Current | 1,097,191 |  | 700,553 |  | 1,051,516 |  | 638,068 |
| Overdue |  |  |  |  |  |  |  |
| Less than or up to 3 months | 25,141 |  | 19,668 |  | 24,481 |  | 18,253 |
| More than 3 months up to 6 months | 38 |  | 252 |  | - |  | - |
| More than 6 months up to 12 months | 292 |  | 70 |  | - |  | - |
| More than 12 months | 24,909 |  | 28,177 |  | 24,249 |  | 27,517 |
|  | 1,147,571 |  | 748,720 |  | 1,100,246 |  | 683,838 |
| Related companies |  |  |  |  |  |  |  |
| Current | 241 |  | 101 |  | - |  | - |
|  | 241 |  | 101 |  | - |  | - |
| Total trade receivables | 1,147,812 |  | 748,821 |  | 1,100,246 |  | 683,838 |
| Less Allowance for doubtful debt | (36,225) |  | (35,282) |  | (35,235) |  | (34,282) |
|  | 1,111,587 |  | 713,539 |  | 1,065,011 |  | 649,556 |

**7. INVESTMENT PROPERTIES**

As at March 31, 2018 and December 31, 2017, the Company’s investment properties represent land received from debt settlement and purchased by the Company of which the book value were Baht 25.81 million.

**8. PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the three-month period ended March 31, 2018, are as follows:

**Unit : Thousand Baht**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** |  | **Separate** |
|  | **Financial Statements** |  | **Financial Statements** |
| Property, plant and equipment - net |  |  |  |
| as at January 1, 2018 | 1,866,233 |  | 1,606,460 |
| Add Purchase during the period | 71,151 |  | 47,583 |
| Less Decrease during the period | (1,823) |  | (1,823) |
| Depreciation for the period | (54,535) |  | (48,276) |
| Exchange differences on translation of |  |  |  |
| financial statements of foreign subsidiary | (8,936) |  | - |
| Property, plant and equipment - net |  |  |  |
| as at March 31, 2018 | 1,872,090 |  | 1,603,944 |

As at March 31, 2018 and December 31, 2017, the costs of assets which are fully depreciated but still in use as the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** | |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** | |
| Gross carrying amount of property, |  |  |  |  |  |  |  | |
| plant and equipment which are fully |  |  |  |  |  |  |  | |
| depreciated and still in use | 2,377,623 |  | 2,340,545 |  | 2,142,037 |  | 2,106,473 | |

As at March 31, 2018 and December 31, 2017, the Company used land, land improvements, buildings and its improvements which have total net book values of Baht 514.53 million and Baht 524.00 million, respectively (see Note 22.3), are used as collateral with a local financial institution for guarantee credit facilities.

As at March 31, 2018 and December 31, 2017, land, building and its improvements of a subsidiary which has total net book values of Baht 23.87 million and Bah 24.62 million, respectively (see Notes 12 and 22.3), are used as collateral with a local financial institution for guarantee bank overdrafts and credit facilities.

**9. LEASEHOLD RIGHT**

As at November 17, 2016, TCCC Myanmar Limited, entered into the land leasehold agreement with an entity 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.

As at March 31, 2018 and December 31, 2017, net book value of leasehold right for land is Baht 78.75 million and Baht 82.90 million, respectively.

**10. Intangible asset**

Intangible asset consists of right to use the trademarks and right to use software. For the right to use the trademarks, 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 report of the independent appraiser dated January 8, 2018, the appraisal values of the fair value of such right as at December 26, 2017 by using the Discounted Cash Flow Approach. It showed that the fair value was higher than the carrying values.

**11. DEFERRED INCOME TAX AND INCOME TAX EXPENSE**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes issued by the same taxation authority. Deferred income tax as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Deferred tax assets | 36,974 |  | 42,985 |  | 32,505 |  | 37,733 |
| Deferred tax liabilities | 116,609 |  | 116,609 |  | 109,180 |  | 109,180 |

Movements of deferred tax assets and liabilities for the three-month periods ended March 31, 2018 and 2017 are as follows:

**Consolidated Financial Statements**

**As at March 31, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **March 31,** |
|  | **2018** |  |  |  | **2018** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 7,056 |  | 189 |  | 7,245 |
| Allowance for diminution in value of inventories | 1,502 |  | 271 |  | 1,773 |
| Provision for sale promotions | 8,649 |  | (4,678) |  | 3,971 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 23,537 |  | (232) |  | 23,305 |
| Deferred benefits for energy saving | 1,561 |  | (1,561) |  | - |
| Total deferred tax assets | 42,985 |  | (6,011) |  | 36,974 |
|  |  |  |  |  |  |
| Gain on fair value adjustment from investment in subsidiary |  |  |  |  |  |
| to an associate | 7,429 |  | - |  | 7,429 |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 116,609 |  | - |  | 116,609 |

**As at March 31, 2017**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **March 31,** |
|  | **2017** |  |  |  | **2017** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 7,562 |  | 582 |  | 8,144 |
| Allowance for diminution in value of inventories | 172 |  | 141 |  | 313 |
| Provision for sale promotions | 8,915 |  | (4,748) |  | 4,167 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 23,699 |  | 610 |  | 24,309 |
| Total deferred tax assets | 41,028 |  | (3,415) |  | 37,613 |
|  |  |  |  |  |  |
| Gain on fair value adjustment from investment in subsidiary |  |  |  |  |  |
| to an associate | 7,429 |  | - |  | 7,429 |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 116,609 |  | - |  | 116,609 |

**Separate Financial Statements**

**As at March 31, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **March 31,** |
|  | **2018** |  |  |  | **2018** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 6,856 |  | 191 |  | 7,047 |
| Allowance for diminution in value of inventories | 1,448 |  | 325 |  | 1,773 |
| Provision for sale promotions | 8,649 |  | (4,678) |  | 3,971 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 18,539 |  | 495 |  | 19,034 |
| Deferred benefits for energy saving | 1,561 |  | (1,561) |  | - |
| Total deferred tax assets | 37,733 |  | (5,228) |  | 32,505 |
|  |  |  |  |  |  |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 109,180 |  | - |  | 109,180 |

**As at March 31, 2017**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **March 31,** |
|  | **2017** |  |  |  | **2017** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 7,385 |  | 599 |  | 7,984 |
| Allowance for diminution in value of inventories | 172 |  | 141 |  | 313 |
| Provision for sale promotions | 8,915 |  | (4,748) |  | 4,167 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 18,527 |  | 470 |  | 18,997 |
| Total deferred tax assets | 35,679 |  | (3,538) |  | 32,141 |
|  |  |  |  |  |  |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 109,180 |  | - |  | 109,180 |

Income tax expense for the three-month periods ended March 31, 2018 and 2017, consist of the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Current tax expense in respect of the current period | 44,004 |  | 76,565 |  | 42,308 |  | 74,164 |
| Deferred tax relating to temporary differences | 6,011 |  | 3,415 |  | 5,228 |  | 3,538 |
| Income tax expense | 50,015 |  | 79,980 |  | 47,536 |  | 77,702 |

The income tax expense for the three-month periods ended March 31, 2018 and 2017 can be reconciled to the accounting profit as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Profit before income tax expense | 216,608 |  | 402,384 |  | 247,399 |  | 392,951 |
| Income tax calculated at 20% | 43,322 |  | 80,477 |  | 49,480 |  | 78,590 |
| Effect of transactions that are not taxable |  |  |  |  |  |  |  |
| income and expenses | 6,693 |  | (497) |  | (1,944) |  | (888) |
| Income tax expense | 50,015 |  | 79,980 |  | 47,536 |  | 77,702 |
|  |  |  |  |  |  |  |  |
|  | % |  | % |  | % |  | % |
| Effective tax rate | 23.09 |  | 19.87 |  | 19.21 |  | 19.77 |

The Company and its subsidiaries uses corporate income tax at the rate of 20%.

**12. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

Bank overdrafts and short-term borrowings from financial institutions, as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
| Bank overdraft and short-term borrowings |  |  |  |  |  |  |  |
| from financial institutions | 5,735 |  | 9,461 |  | - |  | - |

As at March 31, 2018 and December 31, 2017, a subsidiary has credit lines from a local financial institution for overdrafts and other facilities which carried interest at the rate of Minimum Overdraft Rate (MOR) and mortgaged by land, buildings and its improvements (see Note 8).

**13. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Trade payables | 825,649 |  | 361,322 |  | 787,733 |  | 334,200 |
| Other payables | 120,008 |  | 95,783 |  | 103,571 |  | 94,733 |
| Accrued dividend | 1,184,472 |  | - |  | 1,171,610 |  | 2,182 |
| Accrued expenses | 95,296 |  | 238,488 |  | 82,054 |  | 187,090 |
| Advance received from customers |  |  |  |  |  |  |  |
| (see Note 14) | 74,526 |  | 72,027 |  | 74,526 |  | 72,027 |
| Deferred sales (see Note 14) | 612,372 |  | 130,595 |  | 614,841 |  | 130,595 |
|  | 2,912,323 |  | 898,215 |  | 2,834,335 |  | 820,827 |

**14. deferred sales AND ADVANCE RECEIVED FROM CUSTOMERS**

Deferred sales and advance received from customers represent obligations that the Company has to deliver fertilizer to the holders of the fertilizer notes which have been issued by the Company to its customers.

Deferred sales represent the issued fertilizer notes which have not yet been delivered fertilizer and not yet been received the payment. The Company 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 is unable to cancel the undelivered fertilizer notes.

While inventories in the consolidated financial statements as at March 31, 2018 and December 31, 2017, have obligations totaling Baht 686.90 million (comprised deferred sales of Baht 612.37 million and advance received from customers of Baht 74.53 million) and Baht 202.62 million (comprised deferred sales of Baht 130.59 million and advance received from customers of Baht 72.03 million), respectively, for delivery of fertilizer to the customers for the issued fertilizer notes but not yet delivered by presenting as deferred sales and advance received from customers (see Note 13).

Inventories - net as at March 31, 2018 and December 31, 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Inventories - cost | 2,879,516 |  | 2,049,563 |  | 2,764,902 |  | 1,942,843 |
| Less Allowance for diminution in |  |  |  |  |  |  |  |
| value of inventories | (8,857) |  | (7,507) |  | (8,857) |  | (7,238) |
|  | 2,870,659 |  | 2,042,056 |  | 2,756,045 |  | 1,935,605 |

**15. Liabilities UNDER FINANCE LEASE AGREEMENTS**

Liabilities under finance lease agreements as at March 31, 2018 and December 31, 2017, consist of:

**Consolidated Financial Statements**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Minimum lease payments** | | |  | **Present value of minimum** | | |
|  |  | | |  | **lease payments** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Not later than 1 year | 7,520 |  | 7,696 |  | 6,987 |  | 7,074 |
| Later than 1 year and not later than 5 years | 7,203 |  | 8,984 |  | 6,889 |  | 8,570 |
|  | 14,723 |  | 16,680 |  | 13,876 |  | 15,644 |
| Less Deferred interest | (847) |  | (1,036) |  | - |  | - |
| Present value of minimum lease payments | 13,876 |  | 15,644 |  | 13,876 |  | 15,644 |

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **As at** |  | **As at** |
|  |  |  |  |  | **March 31,** |  | **December 31,** |
|  |  |  |  |  | **2018** |  | **2017** |
| Presented in the statements of financial position as follows: | | | |  |  |  |  |
| Current portion of liabilities under finance lease agreements | | | |  | 6,987 |  | 7,074 |
| Liabilities under finance lease agreements | |  |  |  | 6,889 |  | 8,570 |
|  |  |  |  |  | 13,876 |  | 15,644 |

**Separate Financial Statements**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Minimum lease payments** | | |  | **Present value of minimum** | | |
|  |  | | |  | **lease payments** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Not later than 1 year | 4,377 |  | 4,484 |  | 4,131 |  | 4,186 |
| Later than 1 year and not later than 5 years | 3,095 |  | 4,118 |  | 2,963 |  | 3,944 |
|  | 7,472 |  | 8,602 |  | 7,094 |  | 8,130 |
| Less Deferred interest | (378) |  | (472) |  | - |  | - |
| Present value of minimum lease payments | 7,094 |  | 8,130 |  | 7,094 |  | 8,130 |

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **As at** |  | **As at** |
|  |  |  |  | **March 31,** |  | **December 31,** |
|  |  |  |  | **2018** |  | **2017** |
| Presented in the statements of financial position as follows: | | | |  |  |  |
| Current portion of liabilities under finance lease agreements | | | | 4,131 |  | 4,186 |
| Liabilities under finance lease agreements | |  |  | 2,963 |  | 3,944 |
|  |  |  |  | 7,094 |  | 8,130 |

**16. 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.

Amounts recognized in the statements of profit or loss in respect of the post-employment benefit obligation due upon retirement for the three-month periods ended March 31, 2018 and 2017 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Current service cost | 2,383 |  | 2,304 |  | 1,896 |  | 1,786 |
| Interest cost | 761 |  | 747 |  | 578 |  | 564 |
|  | 3,144 |  | 3,051 |  | 2,474 |  | 2,350 |

Movements in provision for employee benefit for the three-month periods ended March 31, 2018 and 2017 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Provision for employee benefit as at January 1, |  |  |  |  |  |  |  |
| (Including current portion) | 130,968 |  | 126,295 |  | 105,980 |  | 100,436 |
| Current service cost | 2,383 |  | 2,304 |  | 1,896 |  | 1,786 |
| Interest cost | 761 |  | 747 |  | 578 |  | 564 |
| Benefit paid | (17,586) |  | (7,801) |  | (13,286) |  | (7,801) |
| Provision for employee benefit as at March 31, |  |  |  |  |  |  |  |
| (Including current portion) | 116,526 |  | 121,545 |  | 95,168 |  | 94,985 |

The principal actuarial assumptions used to calculate the provision for employee benefit as at March 31, 2018 and December 31, 2017 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated and Separate** | | |
|  | **Financial Statements** | | |
|  | **As at March 31, 2018** |  | **As at December 31, 2017** |
|  | **(% p.a.)** |  | **(% p.a.)** |
|  |  |  |  |
| Discount rate | 2.93 |  | 2.93 |
| Turnover rate | 0 - 6 |  | 0 - 6 |
|  | Depend on range of |  | Depend on range of |
|  | employee age |  | employee age |
| Salary increasing rate | 0 - 5 |  | 0 - 5 |
| Gold price rate | 19,900 |  | 19,900 |
| Future gold price growth | 3 |  | 3 |

**17. OTHER INCOME**

Other income for the three-month periods ended March 31, 2018 and 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Interest income | 12,472 |  | 14,885 |  | 11,860 |  | 14,317 |
| Rental income | 1,847 |  | 1,347 |  | 5,236 |  | 4,555 |
| Dividend income | - |  | - |  | 18,387 |  | - |
| Gain on sale of investment properties | - |  | 20,757 |  | - |  | 20,368 |
| Gain on sale of property, plant and equipment | 1,918 |  | - |  | 1,918 |  | - |
| Others | 3,425 |  | 3,914 |  | 2,984 |  | 2,492 |
|  | 19,662 |  | 40,903 |  | 40,385 |  | 41,732 |

**18. EXPENSES BY NATURE**

Significant expenses by nature for the three-month periods ended March 31, 2018 and 2017, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Changes in finished goods and work in process | (94,281) |  | (113,382) |  | (82,135) |  | (105,537) |
| Cost of finished goods purchased | 65,458 |  | 68,753 |  | - |  | - |
| Raw materials used | 1,161,252 |  | 1,341,631 |  | 1,160,078 |  | 1,334,272 |
| Employee benefit expenses | 120,624 |  | 116,890 |  | 99,362 |  | 101,904 |
| Depreciation | 54,535 |  | 37,802 |  | 48,276 |  | 34,961 |
| Amortization - intangible assets | 41 |  | - |  | - |  | - |
| Amortization - leasehold right | 427 |  | 485 |  | - |  | - |
| Loss for diminution in value of inventories | 1,349 |  | 704 |  | 1,619 |  | 704 |
| Doubtful debts | 943 |  | 2,910 |  | 953 |  | 2,994 |

**19. DISCOUNT ON ORDINARY SHARES**

Discount on ordinary shares as at March 31, 2018 and December 31, 2017, consist of the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | | **Separate** | | | |
|  | **Financial Statements** | | | **Financial Statements** | | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** | **December 31,** | | | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Premium on ordinary shares | 2,280,000 |  | 2,280,000 |  | 2,280,000 |  | 2,280,000 |
| Discount on ordinary shares | (2,323,570) |  | (2,323,570) |  | (2,323,570) |  | (2,323,570) |
|  | (43,570) |  | (43,570) |  | (43,570) |  | (43,570) |

**20. DIVIDENDS**

On March 29, 2018, the ordinary shareholders’ meeting of the Company passed a resolution to pay dividends to shareholders at Baht 2 per share, totaling Baht 1,169.43 million as an appropriation of net profit for 2017. Such dividend was 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. Such dividend was 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:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Company name** | **General shareholders’**  **meeting date** | **Dividend**  **per share (Baht)** | **Dividend paid to** | | |  | **Total amount** |
| **Owners of parent** |  | **Non-controlling interests** |
|  |  |  |  |  |  |  |  |
| 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 |
|  |  |  | 18,387 |  | 12,863 |  | 31,250 |

**21. TRANSACTIONS BETWEEN RELATED PARTIES**

Transactions between related parties are as follows:

21.1 Investments

21.1.1 Investment in an associate

**As at March 31, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company name** | **Type of** | **Paid-up** | **Ownership** | **Investment** | | |  | **Dividend** |
|  | business | **capital** | % | **Cost** |  | **Equity** |  | **received** |
|  |  |  |  | **Method** |  | **Method** |  |  |
| Central Pacific (Thailand) |  |  |  |  |  |  |  |  |
| Corporation Limited | Leased out warehouse | 200,000 | 49.00 | 98,000 |  | 136,027 |  | - |

**As at December 31, 2017**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company name** | **Type of** | **Paid-up** | **Ownership** | **Investment** | | |  |  | **Dividend** |
|  | business | **capital** | % | **Cost** |  | **Equity** |  |  | **received** |
|  |  |  |  | **Method** |  | **Method** |  |  |  |
| Central Pacific (Thailand) |  |  |  |  |  |  |  |  |  |
| Corporation Limited | Leased out warehouse | 200,000 | 49.00 | 98,000 |  | 135,962 |  |  | - |

Aggregate information of an associate is not individually material.

Share of profit from investment in an associate for the three-month periods ended March 31, consist of:

**Unit : Thousand Baht**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** | | |
|  | **Financial Statements** | | |
|  | **2018** |  | **2017** |
|  |  |  |  |
| Share of profit from investment in an associate | 65 |  | 74 |

21.1.2 Investments in subsidiaries

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company name | Type of business | **Paid-up capital** | | **Ownership %** | | **Cost** | | |
|  |  | As at | As at | As at | As at | As at |  | As at |
|  |  | March 31, | December 31, | March 31, | December 31, | March 31, |  | December 31, |
|  |  | 2018 | 2017 | 2018 | 2017 | 2018 |  | 2017 |
| N.I.M. Company | Leased out tank yard |  |  |  |  |  |  |  |
| Limited | for containing chemical | 125,000 | 125,000 | 51.00 | 51.00 | 63,750 |  | 63,750 |
| MC Agro-Chemicals | Repacking and |  |  |  |  |  |  |  |
| Company Limited | formulating | 50,000 | 50,000 | 99.99 | 99.99 | 49,999 |  | 49,999 |
| TCCC Myanmar | Producer, importer |  |  |  |  |  |  |  |
| Limited | and distributor | 439,106 | 439,106 | 99.99 | 99.99 | 439,106 |  | 439,106 |
|  |  |  |  |  |  | 552,855 |  | 552,855 |

21.2 Business transactions with related parties

21.2.1 Transactions with related parties for the three-month periods ended March 31, 2018 and 2017, consist of the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | | |  | **Separate**  **Financial Statements** | | |
|  |  | **2018** |  | | **2017** |  | **2018** |  | **2017** |
| **Revenues from sales and services** |  |  |  | |  |  |  |  |  |
| Sojitz Corporation Group | Major shareholder | 2,862 |  | | 1,980 |  | - |  | - |
| TCCC Myanmar Limited | Subsidiary | - |  | | - |  | 9,797 |  | - |
|  |  | 2,862 |  | | 1,980 |  | 9,797 |  | - |
| **Other income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 3,651 |  | 3,459 |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 20 |  | 20 |
|  |  | - |  | - | |  | 3,671 |  | 3,479 |
| **Dividend income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 13,387 |  | - |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 5,000 |  | - |
|  |  | - |  | - | |  | 18,387 |  | - |
| **Purchases** |  |  | | | | | | | |
| Sojitz Corporation Group | Major shareholder | 3,020 |  | 3,641 | |  | - |  | - |
|  |  |  | | | | | | | |
| **Other expenses** |  |  | | | | | | | |
| Metro Systems Corporation Public |  |  |  |  | |  |  |  |  |
| Company Limited | Related Company | 608 |  | 608 | |  | 557 |  | 557 |
|  |  |  | | | | | | | |
| **Managements’ remuneration** | Directors | 8,657 |  | 10,068 | |  | 8,339 |  | 10,050 |

21.2.2Balances as at March 31, 2018 and December 31, 2017, consist of the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | | |  | | **Separate**  **Financial Statements** | | | |
|  |  | | **March 31,** |  | **December 31,** |  | **March 31,** | |  | **December 31,** |
|  |  | | **2018** |  | **2017** |  | **2018** | |  | **2017** |
| **Trade receivables** |  | |  |  |  |  |  | |  |  |
| Sojitz Corporation Group | Major shareholder | | 241 |  | 101 |  | - | |  | - |
| TCCC Myanmar Limited | Subsidiary | | - |  | - |  | 12,255 | |  | - |
|  |  | | 241 |  | 101 |  | 12,255 | |  | - |
| **Other receivables** |  | |  |  |  |  |  | |  |  |
| N.I.M. Company Limited | Subsidiary | | - |  | - |  | 831 | |  | 881 |
| MC Agro-Chemicals Company Limited | Subsidiary | | - |  | - |  | 21 | |  | 104 |
|  |  | | - |  | - |  | 852 | |  | 985 |
| **Advance receivable** |  | |  |  |  |  |  | |  |  |
| Sojitz Corporation Group | Major shareholder | | 66 |  | - |  | 66 | |  | - |
|  |  | |  |  |  |  |  | |  |  |
| **Accrued dividend income** |  | |  |  |  |  |  | |  |  |
| N.I.M. Company Limited | Subsidiary | | - |  | - |  | 13,387 | |  | - |
| MC Agro-Chemicals Company Limited | Subsidiary | | - |  | - |  | 5,000 | |  | - |
|  |  | | - |  | - |  | 18,387 | |  | - |
| **Trade payables** |  | |  |  |  |  |  | |  |  |
| Sojitz Corporation Group | Major shareholder | | 7,462 |  | 6,570 |  | - | |  | - |

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | |  | **Separate**  **Financial Statements** | | |
|  |  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  |  | **2018** |  | **2017** |  | **2018** |  | **2017** |
| **Other payables** |  |  |  |  |  |  |  |  |
| Metro Systems Corporation Public |  |  |  |  |  |  |  |  |
| Company Limited | Related Company | 217 |  | 217 |  | 199 |  | 199 |
|  |  |  |  |  |  |  |  |  |
| **Forward sales** |  |  |  |  |  |  |  |  |
| TCCC Myanmar Limited | Subsidiary | - |  | - |  | 2,469 |  | - |

**22. COMMITMENTS AND LETTERS OF GUARANTEE**

22.1 The Company has capital expenditure commitment as at March 31, 2018 and December 31, 2017, of Baht 65.73 million and Baht 63.63 million, respectively.

A foreign subsidiary has capital expenditure commitment as at March 31, 2018 and December 31, 2017, of USD 0.05 million (or equivalent Baht 1.54 million) and USD 0.31 million (or equivalent Baht 10.21 million), respectively.

22.2 As at March 31, 2018 and December 31, 2017, the Company and its subsidiaries have leased office building, vehicles and office equipment under operating lease agreements. The minimum future lease payments are summarized as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Within 1 year | 43,396 |  | 39,809 |  | 32,627 |  | 33,534 |
| 1 - 5 years | 21,908 |  | 26,706 |  | 18,109 |  | 23,712 |
|  | 65,304 |  | 66,515 |  | 50,736 |  | 57,246 |

For the three-month periods ended March 31, 2018 and 2017, the Company and its subsidiaries recognized rental fees from operating lease agreements in the consolidated financial statements of Baht 12.20 million and Baht 10.51 million, respectively, and for the separate financial statements of Baht 10.15 million and Baht 9.38 million, respectively.

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

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

**Unit : Million**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  | **Currency** | **Financial Statements** | | |  | **Financial Statements** | | |
|  |  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  |  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  |  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |  |
| Credit facilities\* | Baht | 11,263.52 |  | 11,267.39 |  | 11,077.43 |  | 11,077.53 |
|  | USD | 30.00 |  | 30.00 |  | 30.00 |  | 30.00 |
|  | EUR | - |  | 0.04 |  | - |  | - |
| Forward contracts | Baht | 2,496.48 |  | 2,502.62 |  | 2,476.48 |  | 2,482.62 |
|  | USD | 145.44 |  | 157.39 |  | 139.41 |  | 151.35 |
| Letters of guarantee | Baht | 91.34 |  | 91.34 |  | 91.34 |  | 91.34 |

As at March 31, 2018 and December 31, 2017, credit facilities of the Company and its subsidiary pledged by land, buildings and its improvements (see Note 8).

\* The Company has been allowed by certain banks to have forward exchange contracts equal to the line of letters of credit and trust receipts granted by such banks.

22.4 As at March 31, 2018 and December 31, 2017, the Company has letters of guarantee issued by banks which are unsecured as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **Financial Statements** | | |  | **Separate**  **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **March 31,** |  | **December 31,** |  | **March 31,** |  | **December 31,** |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Letters of guarantee for electricity | 8,831 |  | 8,831 |  | 8,656 |  | 8,656 |

22.5 As at March 31, 2018 and December 31, 2017, the Company has commitment with a bank regarding the outstanding letters of credit of USD 0.26 million and EUR 0.06 million (or equivalent to Baht 10.52 million) and USD 10.30 million and EUR 0.05 million (or equivalent to Baht 340.42 million), respectively.

**23. SEASONALITY OF OPERATION**

The main business of the Company is the manufacturing, import and distribution of chemical fertilizer. The main revenues of the Company are received seasonally within a financial year especially in the second and third quarters of each year. Such main revenues are recognized when incur in each quarter. For supplementary financial information, total revenues, cost of sales and total comprehensive income for the twelve-month periods ended March 31, 2018 and 2017 were shown as below:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2018** |  | **2017** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |  |  |
| Revenues from sales | 11,081,448 |  | 12,574,004 |  | 10,689,152 |  | 12,205,025 |
| Revenues from services | 113,848 |  | 112,496 |  | - |  | - |
| Costs of sales of goods | 8,294,226 |  | 9,169,720 |  | 7,986,586 |  | 8,877,217 |
| Costs of rendering of services | 49,675 |  | 56,722 |  | - |  | - |
| Total comprehensive income | 1,776,065 |  | 2,515,445 |  | 1,810,174 |  | 2,498,545 |

**24. BUSINESS SEGMENT INFORMATION**

The Company’s main business is to manufacture, import and distribute various chemical fertilizer compounds. The subsidiaries’ main businesses are to import and distribute industrial chemical, textile, plastics and solvents, and provide the lease of containing liquid chemical which most of revenue are from domestic. The business segment information of the Company and its subsidiaries classified by industries is as follows:

**For the three-month period ended March 31, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Sales and** |  | **Total** |  | **Assets** |
|  | **other** |  | **comprehensive** |  | **employed** |
|  | **income** |  | **income (loss)** |  |  |
|  |  |  |  |  |  |
| Headquarters - Fertilizer | 1,563,054 |  |  |  |  |
| - Other income | 40,385 |  |  |  |  |
|  | 1,603,439 |  | 225,768 |  | 11,886,007 |
| Rental services | 30,478 |  | 10,712 |  | 224,601 |
| Others | 81,302 |  | (19,872) |  | 644,845 |
| Less Intersegment revenues | (31,790) |  |  |  |  |
| Total revenues | 1,683,429 |  |  |  |  |
| Profit before income tax expense |  |  | 216,608 |  |  |
| Less Income tax expense |  |  | (50,015) |  |  |
| Profit for the period |  |  | 166,593 |  |  |
|  |  |  |  |  | 12,755,453 |
| Less Intersegment assets |  |  |  |  | (549,631) |
| Less Non-controlling interests in total comprehensive income |  |  | (4,202) |  |  |
| Exchange differences on translation of financial statements |  |  |  |  |  |
| of foreign subsidiary |  |  | (17,457) |  |  |
| Total comprehensive income attributable to owners |  |  |  |  |  |
| of the parent |  |  | 144,934 |  |  |
| Consolidated assets as at March 31, 2018 |  |  |  |  | 12,205,822 |

**For the three-month period ended March 31, 2017**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Sales and** |  | **Total** |  | **Assets** |
|  | **other** |  | **comprehensive** |  | **employed** |
|  | **income** |  | **income (loss)** |  |  |
|  |  |  |  |  |  |
| Headquarters - Fertilizer | 1,893,704 |  |  |  |  |
| - Other income | 41,732 |  |  |  |  |
|  | 1,935,436 |  | 393,025 |  | 11,984,960 |
| Rental services | 29,501 |  | 9,361 |  | 220,602 |
| Others | 87,671 |  | (2) |  | 741,563 |
| Less Intersegment revenues | (3,404) |  |  |  |  |
| Total revenues | 2,049,204 |  |  |  |  |
| Profit before income tax expense |  |  | 402,384 |  |  |
| Less Income tax expense |  |  | (79,980) |  |  |
| Profit for the period |  |  | 322,404 |  |  |
|  |  |  |  |  | 12,947,125 |
| Less Intersegment assets |  |  |  |  | (516,029) |
| Less Non-controlling interests in total comprehensive income |  |  | (3,679) |  |  |
| Exchange differences on translation of financial statements |  |  |  |  |  |
| of foreign subsidiary |  |  | (13,785) |  |  |
| Total comprehensive income attributable to owners |  |  |  |  |  |
| of the parent |  |  | 304,940 |  |  |
| Consolidated assets as at March 31, 2017 |  |  |  |  | 12,431,096 |

**25. DISCLOSURE OF FINANCIAL INSTRUMENTS**

25.1Forward exchange contracts

As at March 31, 2018 and December 31, 2017, the Company and its subsidiary entered into various forward exchange contracts with local financial institutions to hedge certain portions of their assets and liabilities denominated in foreign currencies. The details of such contracts, fair values and valuation techniques of the financial instruments are as follows:

**Unit : Thousand**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Forward exchange purchase contracts** | | | | **The remaining** | **Net fair value** | **Fair value** | **Valuation** |
|  | **Currency** | **Amount** | **Average** | **period** | **gain (loss)** | **hierarchy** | **technique(s)** |
|  |  |  | **rate** | **(days)** | **Baht** |  |  |
| **As at March 31, 2018** | | | | | | | |
| The Company | USD | 30,376 | 31.2024 | 6 - 273 | (315) | Level 2 | Discounted  cash flow\* |
|  | EUR | 63 | 39.4448 | 182 - 222 | (16) |
|  | YEN | 2,999 | 0.3106 | 88 | (48) |
| Subsidiary | USD | 1,467 | 31.7039 | 34 - 182 | (801) |
| **As at December 31, 2017** | | | | | | | |
| The Company | USD | 16,151 | 32.8037 | 13 - 272 | (2,120) | Level 2 | Discounted  cash flow\* |
|  | EUR | 110 | 39.7764 | 8 - 272 | 17 |
|  | YEN | 20,993 | 0.3106 | 173 | (398) |
| Subsidiary | USD | 1,460 | 33.0740 | 6 - 151 | (636) |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Forward exchange sell contracts** | | | | **The remaining** | **Net fair value** | **Fair value** | **Valuation** |
|  | **Currency** | **Amount** | **Average** | **period** | **gain (loss)** | **hierarchy** | **technique(s)** |
|  |  |  | **rate** | **(days)** | **Baht** |  |  |
| **As at March 31, 2018** | | | | | | | |
| The Company | USD | 4,311 | 31.2436 | 109 - 186 | 1,497 | Level 2 | Discounted  cash flow\* |
| **As at December 31, 2017** | | | | | | | |
| The Company | USD | 5,642 | 32.7750 | 67 - 160 | 1,973 | Level 2 | Discounted  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 contracted forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.

25.2 Assets and liabilities in foreign currencies

As at March 31, 2018 and December 31, 2017, the Company and its subsidiaries have assets and liabilities in foreign currencies which part of them are entered into various forward exchange contracts with banks to hedge certain portions of their assets and liabilities denominated in foreign currencies as follows:

**Unit : Thousand**

|  |  |  |
| --- | --- | --- |
|  | **Foreign assets** | |
|  | **Currency** | **Amount** |
| **As at March 31, 2018** |  |  |
| The Company | USD | 3,708 |
|  | MMK | 5,349 |
| Subsidiaries | USD | 2,623 |
|  | MMK | 32,437 |
|  |  |  |
| **As at December 31, 2017** |  |  |
| The Company | USD | 5,980 |
|  | MMK | 3,897 |
| Subsidiaries | USD | 3,973 |
|  | MMK | 6,605 |

**Unit : Thousand**

|  |  |  |
| --- | --- | --- |
|  | **Foreign liabilities** | |
|  | **Currency** | **Amount** |
| **As at March 31, 2018** |  |  |
| The Company | USD | 18,967 |
|  | EUR | 12 |
|  | YEN | 2,999 |
| Subsidiary | USD | 1,010 |
|  |  |  |
| **As at December 31, 2017** |  |  |
| The Company | USD | 8,240 |
|  | EUR | 6 |
| Subsidiary | USD | 852 |

**26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

The interim financial information was approved for issuance by the authorized directors of the Company on May 15, 2018.