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

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2019**

**“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 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 follow:

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 manufacture, import and distribute agricultural chemicals.

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 manufacture, import and distribute 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 are prepared in Thai Baht and in compliance with Thai Accounting Standard (“TAS”) No. 34 (Revised 2018) “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, 2018, 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 and six-month periods ended June 30, 2019 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 Thai Financial Reporting Standards (“TFRS”), but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and six-month periods ended June 30, 2019, should be read in conjunction with the audited financial statements for the year ended December 31, 2018.

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 and six-month periods ended June 30, 2019, have included the subsidiaries’ interim financial statements for the three-month and six-month periods ended June 30, 2019 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 and its subsidiaries have adopted the revised and new Thai Financial Reporting Standards including the guildine on accounting issued by the Federation of Accounting Professions which become effective for fiscal year beginning on or after January 1, 2019. These Thai 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 except the revenue recognition under the Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” that requires the Company and its subsidiaries to recognize revenue when a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. This new accounting policy superseded the previous accounting policies regarding revenue recognition. However, the adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ interim 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 Accounting Standards, 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, 2020 onwards, as follows:

Group of Financial Instruments Standards

|  |  |
| --- | --- |
| **Thai Accounting Standard (“TAS”)** | |
| TAS 32 | Financial Instruments: Presentation |
| **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 |

These group of standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These standards will supersede the standards and Interpretations relating to the financial instruments upon its effective date.

Thai Financial Reporting Standard No. 16 “Leases”

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatments in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether on Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group’s and the Company’s management will adopt such TFRS 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 considered that such TFRS does not have material impacts on the Group’s and the Company’s financial statements 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** |
|  | **June 30,** | | **December 31,** |
|  | **2019** | **2018** | **2018** |
|  | **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 |

2.9 The interim consolidated and separate financial statements are prepared in English version from the consolidated and separate interim financial statements followed the laws which is in Thai. In the event of any conflict or be interpreted in two different languages, the Thai version interim consolidated and separate financial statements in accordance with Thailand law will be superseded.

**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, 2018, except as disclosed in Note 2.6.

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

4.1 Purchases of property, plant and equipment for the six-month periods ended June 30, 2019 and 2018 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Payables-Assets acquisition as at January 1, | 13,054 |  | 33,785 |  | 13,054 |  | 18,077 |
| Add Purchases of property, plant and equipment | 86,720 |  | 147,123 |  | 76,986 |  | 111,259 |
| Less Purchases of property, plant and |  |  |  |  |  |  |  |
| equipment under finance lease agreements | (2,306) |  | (1,337) |  | - |  | - |
| Less Cash payments | (94,029) |  | (160,203) |  | (86,626) |  | (109,968) |
| Payables-Assets acquisition as at June 30, | 3,439 |  | 19,368 |  | 3,414 |  | 19,368 |
|  |  |  |  |  |  |  |  |
| Liabilities under finance lease agreements |  |  |  |  |  |  |  |
| (including current portion) as at January 1, | 9,956 |  | 15,644 |  | 4,307 |  | 8,130 |
| Add Purchases of property, plant and |  |  |  |  |  |  |  |
| equipment under finance lease agreements | 2,306 |  | 1,337 |  | - |  | - |
| Less Cash payments | (3,865) |  | (4,403) |  | (1,641) |  | (2,254) |
| Liabilities under finance lease agreements |  |  |  |  |  |  |  |
| (including current portion) as at June 30, | 8,397 |  | 12,578 |  | 2,666 |  | 5,876 |

4.2 The cash flow from bank overdraft and short-term borrowing from financial institutions for the six-month periods ended June 30, 2019 and 2018 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
| Bank overdraft and short-term borrowings from |  |  |  |  |  |  |  |
| financial institutions as at January 1, | 35,333 |  | 9,461 |  | - |  | - |
| Add Cash received | 133,347 |  | 14,269 |  | - |  | - |
| less Unrealized loss on foreign exchange rate | - |  | 940 |  | - |  | - |
| Bank overdraft and short-term borrowings from |  |  |  |  |  |  |  |
| financial institutions as at June 30, | 168,680 |  | 24,670 |  | - |  | - |

4.3 Cash and cash equivalents

Cash and cash equivalents as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Cash on hand | 925 |  | 1,088 |  | 615 |  | 641 |
| Bank deposits in savings and |  |  |  |  |  |  |  |
| current accounts | 2,226,035 |  | 2,291,920 |  | 2,111,378 |  | 2,221,979 |
| Cheque on hand | 6,060 |  | 3,724 |  | 2,742 |  | 990 |
| Time deposits with maturity |  |  |  |  |  |  |  |
| within 3 months |  |  |  |  |  |  |  |
| (interest rates 1.40% - 1.70% per annum) | 2,000,002 |  | 3,220,002 |  | 2,000,002 |  | 3,220,002 |
|  | 4,233,022 |  | 5,516,734 |  | 4,114,737 |  | 5,443,612 |

**5. CURRENT INVESTMENTS**

Current investments as at June 30, 2019 and December 31, 2018, 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** |
|  | **June 30,** |  | **December 31,** | **June 30,** | **December 31,** | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** | **2019** | **2018** | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |  |
| Time deposits | Maturity date over | | |  |  |  |  |  |
|  | 3 months but less than 1 year | | | 1 - 1.53 | 1 - 1.53 | 160,325 |  | 175,324 |

**6. TRADE AND OTHER CURRENT RECEIVABLES**

6.1 Trade and other current receivables as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Trade receivables (see Note 6.2) | 1,165,800 |  | 345,204 |  | 1,138,168 |  | 359,563 |
| Other receivables | 9,872 |  | 11,148 |  | 10,283 |  | 12,469 |
| Prepaid expenses | 24,396 |  | 47,161 |  | 18,034 |  | 38,703 |
| Accrued income | 4,124 |  | 5,970 |  | 3,572 |  | 5,570 |
| Advance payments | 2,157 |  | 472 |  | 1,319 |  | 84 |
| Advance payment for bidding | - |  | 9,284 |  | - |  | 9,284 |
|  | 1,206,349 |  | 419,239 |  | 1,171,376 |  | 425,673 |

6.2 Trade receivables as at June 30, 2019 and December 31, 2018, are classified by aging as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Number of outstanding trade receivables | 470 |  | 349 |  | 207 |  | 135 |
|  |  |  |  |  |  |  |  |
| Other companies |  |  |  |  |  |  |  |
| Current | 1,013,626 |  | 335,514 |  | 955,789 |  | 277,643 |
| Overdue |  |  |  |  |  |  |  |
| Less than or up to 3 months | 165,150 |  | 13,705 |  | 163,388 |  | 12,881 |
| More than 3 months up to 6 months | - |  | 144 |  | - |  | - |
| More than 6 months up to 12 months | - |  | - |  | - |  | - |
| More than 12 months | 24,050 |  | 24,647 |  | 23,132 |  | 23,719 |
|  | 1,202,826 |  | 374,010 |  | 1,142,309 |  | 314,243 |
| Related companies |  |  |  |  |  |  |  |
| Current | 306 |  | 135 |  | 32,274 |  | 62,875 |
| Overdue |  |  |  |  |  |  |  |
| Less than or up to 3 months | - |  | - |  | - |  | 10,457 |
|  | 306 |  | 135 |  | 32,274 |  | 73,332 |
| Total trade receivables | 1,203,132 |  | 374,145 |  | 1,174,583 |  | 387,575 |
| Less Allowance for doubtful debt | (37,332) |  | (28,941) |  | (36,415) |  | (28,012) |
|  | 1,165,800 |  | 345,204 |  | 1,138,168 |  | 359,563 |

**7. INVENTORIES**

Inventories - net as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
| Inventories |  |  |  |  |  |  |  |
| Less Allowance for diminution in | 3,242,391 |  | 2,349,453 |  | 2,965,202 |  | 2,112,800 |
| value of inventories | (725) |  | (2,167) |  | (725) |  | (2,167) |
|  | 3,241,666 |  | 2,347,286 |  | 2,964,477 |  | 2,110,633 |

As at June 30, 2019 and December 31, 2018, 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 444.89 million and Baht 254.83 million, respectively (see Note 15).

As at June 30, 2019 and December 31, 2018, 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 419.23 million and Baht 240.15 million, respectively (see Note 15).

**8. INVESTMENT PROPERTIES**

As at June 30, 2019 and December 31, 2018, the Company’s investment properties represent land received from debt settlement and purchased by the Company of which the book value were Baht 29.21 million and 25.81 million, respectively.

**9. PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the six-month period ended June 30, 2019, are as follows:

**Unit : Thousand Baht**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** |  | **Separate** |
|  | **Financial Statements** |  | **Financial Statements** |
| Property, plant and equipment - net |  |  |  |
| as at January 1, 2019 | 1,836,020 |  | 1,567,004 |
| Add Purchase during the period | 86,720 |  | 76,986 |
| Less Decrease during the period | (1,125) |  | (763) |
| Depreciation for the period | (121,619) |  | (105,444) |
| Exchange differences on translation of |  |  |  |
| financial statements of foreign subsidiary | (10,805) |  | - |
| Property, plant and equipment - net |  |  |  |
| as at June 30, 2019 | 1,789,191 |  | 1,537,783 |

As at June 30, 2019 and December 31, 2018, 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** | |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** | |
| Gross carrying amount of property, |  |  |  |  |  |  |  | |
| plant and equipment which are fully |  |  |  |  |  |  |  | |
| depreciated and still in use | 2,731,730 |  | 2,736,536 |  | 2,432,271 |  | 2,441,608 | |

As at June 30, 2019 and December 31, 2018, the Company used land, land improvements, buildings and its improvements which have total net book value of Baht 481.98 million and Baht 495.56 million, respectively (see Note 23.3), are used as collateral with local financial institutions for guarantee credit facilities.

As at June 30, 2019 and December 31, 2018, land, building and its improvements of a subsidiary which have total net book value of Baht 21.56 million (see Notes 13 and 23.3), are used as collateral with local financial institutions for guarantee bank overdrafts and credit facilities.

**10. 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 June 30, 2019 and December 31, 2018, net book value of leasehold right for land is Baht 75.41 million and Baht 80.51 million, respectively.

**11. Intangible assetS**

Intangible assets consist of right to use the trademark and right to use software. For the right to use the trademark, the Company engaged an independent appraiser to determine the fair value of the right to use the trademark 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 21, 2019, the appraisal values of the fair value of such right as at January 2, 2019 by using the Relief from Royalty Method. It showed that the fair value was higher than the carrying values.

**12. 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 June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Deferred tax assets | 35,222 |  | 36,562 |  | 29,694 |  | 31,898 |
| Deferred tax liabilities | 116,609 |  | 116,609 |  | 109,180 |  | 109,180 |

Movements of deferred tax assets and liabilities for the six-month periods ended June 30, 2019 and 2018 are as follows:

**Consolidated Financial Statements**

**As at June 30, 2019**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **June 30,** |
|  | **2019** |  |  |  | **2019** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 5,788 |  | 1,678 |  | 7,466 |
| Allowance for diminution in value of inventories | 434 |  | (289) |  | 145 |
| Provision for sale promotions | 4,161 |  | (3,687) |  | 474 |
| Allowance for impairment of investment properties | 680 |  | (680) |  | - |
| Provision for employee benefits | 25,499 |  | 1,638 |  | 27,137 |
| Total deferred tax assets | 36,562 |  | (1,340) |  | 35,222 |
|  |  |  |  |  |  |
| 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 June 30, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **June 30,** |
|  | **2018** |  |  |  | **2018** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 7,056 |  | 691 |  | 7,747 |
| Allowance for diminution in value of inventories | 1,502 |  | (517) |  | 985 |
| Provision for sale promotions | 8,649 |  | (6,269) |  | 2,380 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 23,537 |  | 397 |  | 23,934 |
| Deferred benefits for energy saving | 1,561 |  | (1,561) |  | - |
| Total deferred tax assets | 42,985 |  | (7,259) |  | 35,726 |
|  |  |  |  |  |  |
| 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 June 30, 2019**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **June 30,** |
|  | **2019** |  |  |  | **2019** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 5,602 |  | 1,681 |  | 7,283 |
| Allowance for diminution in value of inventories | 434 |  | (289) |  | 145 |
| Provision for sale promotions | 4,161 |  | (3,687) |  | 474 |
| Allowance for impairment of investment properties | 680 |  | (680) |  | - |
| Provision for employee benefits | 21,021 |  | 771 |  | 21,792 |
| Total deferred tax assets | 31,898 |  | (2,204) |  | 29,694 |
|  |  |  |  |  |  |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 109,180 |  | - |  | 109,180 |

**As at June 30, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Balances** |  | **Recognized in** |  | **Balances** |
|  | **as at** |  | **profit or loss** |  | **as at** |
|  | **January 1,** |  |  |  | **June 30,** |
|  | **2018** |  |  |  | **2018** |
|  |  |  |  |  |  |
| Allowance for doubtful debt | 6,856 |  | 699 |  | 7,555 |
| Allowance for diminution in value of inventories | 1,448 |  | (463) |  | 985 |
| Provision for sale promotions | 8,649 |  | (6,269) |  | 2,380 |
| Allowance for impairment of investment properties | 680 |  | - |  | 680 |
| Provision for employee benefit | 18,539 |  | 990 |  | 19,529 |
| Deferred benefits for energy saving | 1,561 |  | (1,561) |  | - |
| Total deferred tax assets | 37,733 |  | (6,604) |  | 31,129 |
|  |  |  |  |  |  |
| Accumulated amortization - right for use of trademarks | 109,180 |  | - |  | 109,180 |
| Total deferred tax liabilities | 109,180 |  | - |  | 109,180 |

Income tax expense for the six-month periods ended June 30, 2019 and 2018, consists of the following:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Current tax expense in respect of the current period | 113,311 |  | 219,603 |  | 107,978 |  | 213,761 |
| Deferred tax relating to temporary differences | 1,340 |  | 7,259 |  | 2,204 |  | 6,604 |
| Income tax expense | 114,651 |  | 226,862 |  | 110,182 |  | 220,365 |

The income tax expense for the six-month periods ended June 30, 2019 and 2018 can be reconciled to the accounting profit as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Profit before income tax expense | 554,127 |  | 1,076,184 |  | 588,261 |  | 1,115,658 |
| Income tax calculated at 20% | 110,825 |  | 215,237 |  | 117,652 |  | 223,132 |
| Effect of transactions that are not taxable |  |  |  |  |  |  |  |
| income and expenses | 3,826 |  | 11,625 |  | (7,470) |  | (2,767) |
| Income tax expense | 114,651 |  | 226,862 |  | 110,182 |  | 220,365 |
|  |  |  |  |  |  |  |  |
|  | % |  | % |  | % |  | % |
| Effective tax rate | 20.69 |  | 21.08 |  | 18.73 |  | 19.75 |

The Company and its subsidiaries in Thailand use corporate income tax at the rate of 20%. Whilst, the foreign subsidiary uses corporate income tax at the rate of 25%.

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

Bank overdrafts and short-term borrowings from financial institutions, as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
| Bank overdrafts and short-term borrowings |  |  |  |  |  |  |  |
| from financial institutions | 168,680 |  | 35,333 |  | - |  | - |

As at June 30, 2019 and December 31, 2018, a subsidiary has credit lines from local financial institutions 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 9).

As at June 30, 2019, a subsidiary has credit lines from foreign financial institutions for short-term borrowings and other facilities with interest rate during 2.77% - 3.29% per annum and guaranteed by the Company (2018 : nil) (see Note 23.5).

**14. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Trade payables | 750,302 |  | 253,037 |  | 706,121 |  | 228,043 |
| Other payables | 111,810 |  | 64,256 |  | 109,898 |  | 63,185 |
| Accrued dividends | 2,280 |  | 2,280 |  | 2,280 |  | 2,280 |
| Accrued expenses | 99,950 |  | 154,170 |  | 78,717 |  | 129,132 |
| Advance received from customers (see Note 15) | 57,456 |  | 149,165 |  | 57,450 |  | 149,163 |
| Deferred sales (see Note 15) | 387,432 |  | 105,661 |  | 361,776 |  | 90,988 |
|  | 1,409,230 |  | 728,569 |  | 1,316,242 |  | 662,791 |

**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 delivery orders (the “fertilizer note”) which have been issued by the Company and a subsidiary 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 and a subsidiary have 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 June 30, 2019 and December 31, 2018, 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 (see Note 14).

**16. Liabilities UNDER FINANCE LEASE AGREEMENTS**

Liabilities under finance lease agreements as at June 30, 2019 and December 31, 2018, 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** |
|  | **June 30** |  | **December 31,** |  | **June 30** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Not later than 1 year | 5,014 |  | 5,801 |  | 4,709 |  | 5,424 |
| Later than 1 year and not later than 5 years | 3,873 |  | 4,719 |  | 3,688 |  | 4,532 |
|  | 8,887 |  | 10,520 |  | 8,397 |  | 9,956 |
| Less Deferred interest | (490) |  | (564) |  | - |  | - |
| Present value of minimum lease payments | 8,397 |  | 9,956 |  | 8,397 |  | 9,956 |

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **As at** |  | **As at** |
|  |  |  |  |  | **June 30,** |  | **December 31,** |
|  |  |  |  |  | **2019** |  | **2018** |
| Presented in the statements of financial position as follows: | | | |  |  |  |  |
| Current portion of liabilities under finance lease agreements | | | |  | 4,709 |  | 5,424 |
| Liabilities under finance lease agreements | |  |  |  | 3,688 |  | 4,532 |
|  |  |  |  |  | 8,397 |  | 9,956 |

**Separate Financial Statements**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Minimum lease payments** | | |  | **Present value of minimum** | | |
|  |  | | |  | **lease payments** | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Not later than 1 year | 1,925 |  | 2,711 |  | 1,839 |  | 2,556 |
| Later than 1 year and not later than 5 years | 881 |  | 1,821 |  | 827 |  | 1,751 |
|  | 2,806 |  | 4,532 |  | 2,666 |  | 4,307 |
| Less Deferred interest | (140) |  | (225) |  | - |  | - |
| Present value of minimum lease payments | 2,666 |  | 4,307 |  | 2,666 |  | 4,307 |

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **As at** |  | **As at** |
|  |  |  |  | **June 30,** |  | **December 31,** |
|  |  |  |  | **2019** |  | **2018** |
| Presented in the statements of financial position as follows: | | | |  |  |  |
| Current portion of liabilities under finance lease agreements | | | | 1,839 |  | 2,556 |
| Liabilities under finance lease agreements | |  |  | 827 |  | 1,751 |
|  |  |  |  | 2,666 |  | 4,307 |

**17. PROVISION FOR EMPLOYEE BENEFITS**

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 benefits obligation due upon retirement for the six-month periods ended June 30, 2019 and 2018 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Current service cost | 6,379 |  | 4,765 |  | 2,596 |  | 3,793 |
| Interest cost | 1,576 |  | 1,522 |  | 1,259 |  | 1,156 |
|  | 7,955 |  | 6,287 |  | 3,855 |  | 4,949 |

Movements in provision for employee benefits for the six-month periods ended June 30, 2019 and 2018 are as follows:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
| Provision for employee benefits as at January 1, |  |  |  |  |  |  |  |
| (Including current portion) | 135,928 |  | 130,968 |  | 112,869 |  | 105,980 |
| Current service cost | 6,379 |  | 4,765 |  | 2,596 |  | 3,793 |
| Interest cost | 1,576 |  | 1,522 |  | 1,259 |  | 1,156 |
| Benefit paid | (8,200) |  | (17,586) |  | (7,763) |  | (13,286) |
| Provision for employee benefits as at June 30, |  |  |  |  |  |  |  |
| (Including current portion) | 135,683 |  | 119,669 |  | 108,961 |  | 97,643 |

The principal actuarial assumptions used to calculate the provision for employee benefits as at June 30, 2019 and December 31, 2018, are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated and Separate** | | |
|  | **Financial Statements** | | |
|  | **As at June 30, 2019** |  | **As at December 31, 2018** |
|  | **(% p.a.)** |  | **(% p.a.)** |
|  |  |  |  |
| Discount rate | 2.75 |  | 2.75 |
| Turnover rate | 0 - 6 |  | 0 - 6 |
|  | Depend on range of |  | Depend on range of |
|  | employee age |  | employee age |
| Salary increasing rate | 0 - 6 |  | 0 - 6 |
| Gold price rate per Baht (Baht) | 19,500 |  | 19,500 |
| Future gold price growth | 3 |  | 3 |

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.

Subsequently, on April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette which will be effective after 30 days from the date announced in Royal Gazette.

**18. OTHER INCOME**

Other income for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

**For the three-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Interest income | 16,753 |  | 14,884 |  | 16,104 |  | 14,252 |
| Rental income | 1,338 |  | 1,492 |  | 4,577 |  | 4,774 |
| Gain on sale of property, plant and equipment | 126 |  | 424 |  | 126 |  | 374 |
| Gain on foreign exchange rate-net | - |  | 33,879 |  | - |  | 33,162 |
| Dividend income | - |  | - |  | 21,125 |  | - |
| Others | 4,311 |  | 8,383 |  | 3,853 |  | 7,751 |
|  | 22,528 |  | 59,062 |  | 45,785 |  | 60,313 |

**For the six-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Interest income | 32,309 |  | 27,356 |  | 31,054 |  | 26,111 |
| Rental income | 2,586 |  | 3,339 |  | 9,267 |  | 10,010 |
| Gain on sale of property, plant and equipment | 692 |  | 2,342 |  | 275 |  | 2,292 |
| Gain on foreign exchange rate-net | 2,327 |  | 25,876 |  | 2,637 |  | 25,833 |
| Dividend income | - |  | - |  | 21,125 |  | 18,387 |
| Others | 11,157 |  | 11,808 |  | 11,228 |  | 10,736 |
|  | 49,071 |  | 70,721 |  | 75,586 |  | 93,369 |

**19. EXPENSES BY NATURE**

Significant expenses by nature for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

**For the three-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Changes in finished goods and work in process | (62,512) |  | (125,116) |  | (72,422) |  | (32,736) |
| Cost of finished goods purchased | 21,977 |  | 78,349 |  | - |  | - |
| Raw materials used | 2,267,541 |  | 2,701,382 |  | 2,265,189 |  | 2,700,594 |
| Employee benefit expenses | 171,057 |  | 124,199 |  | 146,255 |  | 101,742 |
| Depreciation | 61,706 |  | 54,978 |  | 53,554 |  | 47,939 |
| Amortization - intangible assets | 185 |  | 54 |  | - |  | - |
| Amortization - leasehold right | 433 |  | 437 |  | - |  | - |
| Reversal of loss diminution in value of inventories | (990) |  | (3,940) |  | (990) |  | (3,939) |
| Doubtful debts | 7,056 |  | 2,511 |  | 7,057 |  | 2,541 |

**For the six-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Changes in finished goods and work in process | (433,409) |  | (219,397) |  | (329,220) |  | (114,871) |
| Cost of finished goods purchased | 66,826 |  | 143,807 |  | - |  | - |
| Raw materials used | 3,370,322 |  | 3,862,634 |  | 3,367,970 |  | 3,860,672 |
| Employee benefit expenses | 249,003 |  | 244,823 |  | 200,937 |  | 201,104 |
| Depreciation | 121,619 |  | 109,513 |  | 105,444 |  | 96,215 |
| Amortization - intangible assets | 369 |  | 95 |  | - |  | - |
| Amortization - leasehold right | 861 |  | 864 |  | - |  | - |
| Reversal of loss diminution in value of inventories | (1,442) |  | (2,590) |  | (1,442) |  | (2,320) |
| Doubtful debts | 8,391 |  | 3,454 |  | 8,403 |  | 3,494 |

**20. DISCOUNT ON ORDINARY SHARES**

Discount on ordinary shares as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | | **Separate** | | | |
|  | **Financial Statements** | | | **Financial Statements** | | | |
|  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  | **June 30,** | **December 31,** | | | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| 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) |

**21. DIVIDENDS**

On March 28, 2019, the ordinary shareholders’ meeting of the Company passed a resolution to pay dividends to shareholders at Baht 1.50 per share, totaling Baht 877.07 million as an appropriation of profit for 2018. Such dividend was paid in April 2019.

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 profit for 2017. Such dividend was paid in April 2018.

The Annual General Shareholders’ Meetings of subsidiaries passed a resolution to distribute annual dividends as appropriation of profit for 2018 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 | April 18, 2019 | 3.00 | 19,125 |  | 18,375 |  | 37,500 |
| MC Agro-Chemicals Company Limited | April 24, 2019 | 4.00 | 2,000 |  | - |  | 2,000 |
|  |  |  | 21,125 |  | 18,375 |  | 39,500 |

The Annual General Shareholders’ Meetings of subsidiaries passed a resolution to distribute annual dividends as appropriation of profit for 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 |

**22. TRANSACTIONS BETWEEN RELATED PARTIES**

Transactions between related parties are as follows:

22.1 Investments

22.1.1 Investment in an associate

**As at June 30, 2019**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company name** | **Type of** | **Paid-up** | **Ownership** | **Investment** | | |  | **Dividend** |
|  | business | **capital** | % | **Cost** |  | **Equity** |  | **received** |
|  |  |  |  | **Method** |  | **Method** |  |  |
| Central Pacific (Thailand) |  |  |  |  |  |  |  |  |
| Corporation Limited | Lease out warehouse | 200,000 | 49.00 | 98,000 |  | 136,398 |  | - |

**As at December 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 | Lease out warehouse | 200,000 | 49.00 | 98,000 |  | 136,247 |  |  | - |

Aggregate information of an associate is not individually material.

Share of profit from investment in an associate for the six-month periods ended June 30, consist of:

**Unit : Thousand Baht**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** | | |
|  | **Financial Statements** | | |
|  | **2019** |  | **2018** |
|  |  |  |  |
| Share of profit from investment in an associate | 151 |  | 137 |

22.1.2 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 |
|  |  | June 30, | December 31, | June 30, | December 31, | June 30, |  | December 31, |
|  |  | 2019 | 2018 | 2019 | 2018 | 2019 |  | 2018 |
| N.I.M. Company | Lease out tank yard | 125,000 | 125,000 | 51.00 | 51.00 | 63,750 |  | 63,750 |
| Limited | for containing |  |  |  |  |  |  |  |
|  | Liquid chemicals |  |  |  |  |  |  |  |
| MC Agro-Chemicals | Manufacture, import | 50,000 | 50,000 | 99.99 | 99.99 | 49,999 |  | 49,999 |
| Company Limited | and distribute |  |  |  |  |  |  |  |
|  | agricultural chemicals |  |  |  |  |  |  |  |
| TCCC Myanmar | Manufacture, import | 439,106 | 439,106 | 99.99 | 99.99 | 439,106 |  | 439,106 |
| Limited | and distribute |  |  |  |  |  |  |  |
|  | various chemical |  |  |  |  |  |  |  |
|  | fertilizer compound |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 552,855 |  | 552,855 |

22.2 Business transactions with related parties

22.2.1Balances as at June 30, 2019 and December 31, 2018, consist of:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | | |  | | **Separate**  **Financial Statements** | | | | | |
|  |  | | **June 30,** |  | **December 31,** |  | **June 30,** | |  | | **December 31,** | |
|  |  | | **2019** |  | **2018** |  | **2019** | |  | | **2018** | |
| **Trade receivables** |  | |  |  |  |  |  | |  | |  | |
| Sojitz Corporation Group | Major shareholder | | 306 |  | 135 |  | - | |  | | - | |
| TCCC Myanmar Limited | Subsidiary | | - |  | - |  | 32,274 | |  | | 73,332 | |
|  |  | | 306 |  | 135 |  | 32,274 | |  | | 73,332 | |
| **Other receivables** |  | |  |  |  |  |  | |  | |  | |
| N.I.M. Company Limited | Subsidiary | | - |  | - |  | 895 | |  | | 552 | |
| MC Agro-Chemicals Company Limited | Subsidiary | | - |  | - |  | 15 | |  | | 86 | |
| TCCC Myanmar Limited | Subsidiary | | - |  | - |  | 413 | |  | | 712 | |
|  |  | | - |  | - |  | 1,323 | |  | | 1,350 | |
| **Trade payables** |  | |  |  |  |  |  | |  | |  | |
| Sojitz Corporation Group | Major shareholder | | 6,183 |  | 6,523 |  | - | |  | | - | |
|  |  | |  |  |  |  | |  | |  | |  | |
| **Other payables** |  | |  |  |  |  | |  | |  | |  | |
| Metro Systems Corporation Public |  | |  |  |  |  | |  | |  | |  | |
| Company Limited | Related Company | | 216 |  | 217 |  | | 197 | |  | | 199 | |
|  |  | |  |  |  |  |  | |  | |  | |
| **Other current liabilities** |  | |  |  |  |  | |  | |  | |  | |
| TCCC Myanmar Limited | Subsidiary | | - |  | - |  | | - | |  | | 17 | |

22.2.2 Transactions with related parties for the three-month and six-month periods ended June 30, 2019 and 2018, consist of:

**For the three-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | | |  | **Separate**  **Financial Statements** | | |
|  |  | **2019** |  | | **2018** |  | **2019** |  | **2018** |
| **Revenues from sales and services** |  |  |  | |  |  |  |  |  |
| Sojitz Corporation Group | Major shareholder | 808 |  | | 1,541 |  | - |  | - |
| TCCC Myanmar Limited | Subsidiary | - |  | | - |  | 33,270 |  | 94,911 |
|  |  | 808 |  | | 1,541 |  | 33,270 |  | 94,911 |
| **Other income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 3,620 |  | 3,561 |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 8 |  | 20 |
| TCCC Myanmar Limited | Subsidiary | - |  | - | |  | 711 |  | 6 |
|  |  | - |  | - | |  | 4,339 |  | 3,587 |
| **Dividend income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 19,125 |  | - |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 2,000 |  | - |
|  |  | - |  | - | |  | 21,125 |  | - |
| **Purchases** |  |  | | | | | | | |
| Sojitz Corporation Group | Major shareholder | 306 |  | 3,309 | |  | - |  | - |
|  |  |  | | | | | | | |
| **Other expenses** |  |  | | | | | | | |
| Metro Systems Corporation Public |  |  |  |  | |  |  |  |  |
| Company Limited | Related Company | 604 |  | 609 | |  | 553 |  | 557 |
|  |  |  | | | | | | | |
| **Managements’ remuneration** | Directors | 9,165 |  | 9,116 | |  | 9,147 |  | 9,098 |

**For the six-month periods ended June 30,**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Account name/ Company’s name** | **Relationship** | **Consolidated**  **Financial Statements** | | | |  | **Separate**  **Financial Statements** | | |
|  |  | **2019** |  | | **2018** |  | **2019** |  | **2018** |
| **Revenues from sales and services** |  |  |  | |  |  |  |  |  |
| Sojitz Corporation Group | Major shareholder | 2,157 |  | | 4,403 |  | - |  | - |
| TCCC Myanmar Limited | Subsidiary | - |  | | - |  | 85,061 |  | 104,708 |
|  |  | 2,157 |  | | 4,403 |  | 85,061 |  | 104,708 |
| **Other income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 7,352 |  | 7,212 |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 14 |  | 40 |
| TCCC Myanmar Limited | Subsidiary | - |  | - | |  | 1,221 |  | 6 |
|  |  | - |  | - | |  | 8,587 |  | 7,258 |
| **Dividend income** |  |  | | | | | | | |
| N.I.M. Company Limited | Subsidiary | - |  | - | |  | 19,125 |  | 13,387 |
| MC Agro-Chemicals Company Limited | Subsidiary | - |  | - | |  | 2,000 |  | 5,000 |
|  |  | - |  | - | |  | 21,125 |  | 18,387 |
| **Purchases** |  |  | | | | | | | |
| Sojitz Corporation Group | Major shareholder | 6,373 |  | 6,329 | |  | - |  | - |
|  |  |  | | | | | | | |
| **Other expenses** |  |  | | | | | | | |
| Metro Systems Corporation Public |  |  |  |  | |  |  |  |  |
| Company Limited | Related Company | 1,210 |  | 1,217 | |  | 1,108 |  | 1,113 |
|  |  |  | | | | | | | |
| **Managements’ remuneration** | Directors | 18,084 |  | 17,773 | |  | 18,048 |  | 17,437 |

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.

**23. COMMITMENTS AND LETTERS OF GUARANTEE**

23.1 The Company has capital expenditure commitment as at June 30, 2019 and December 31, 2018, of Baht 16.19 million and Baht 37.29 million, respectively.

A subsidiary has capital expenditure commitment as at December 31, 2018, of USD 0.01 million (or equivalent Baht 0.34 million) (2019: nil).

23.2 As at June 30, 2019 and December 31, 2018, 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** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Within 1 year | 34,943 |  | 39,520 |  | 24,425 |  | 29,976 |
| 1 - 5 years | 25,880 |  | 25,165 |  | 23,926 |  | 25,049 |
|  | 60,823 |  | 64,685 |  | 48,351 |  | 55,025 |

For the six-month periods ended June 30, 2019 and 2018, the Company and its subsidiaries recognized rental fees from operating lease agreements in the consolidated financial statements of Baht 21.66 million and Baht 25.53 million, respectively, and for the separate financial statements of Baht 15.48 million and Baht 20.75 million, respectively.

23.3 As at June 30, 2019 and December 31, 2018, 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. Moreover, the Company used land, land improvements, building and its improvements as collateral (see Note 9).

As at June 30, 2019 and December 31, 2018, the unused credit facilities, consist of:

**Unit : Million**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  | **Currency** | **Financial Statements** | | |  | **Financial Statements** | | |
|  |  | **As at** |  | **As at** |  | **As at** |  | **As at** |
|  |  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  |  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |  |
| Credit facilities\* | Baht | 10,881.01 |  | 11,627.23 |  | 10,685.57 |  | 11,466.53 |
|  | USD | 34.00 |  | 30.00 |  | 30.00 |  | 30.00 |
| Forward exchange contracts | Baht | 2,151.88 |  | 2,483.13 |  | 2,131.88 |  | 2,466.08 |
|  | USD | 164.82 |  | 167.54 |  | 158.32 |  | 162.24 |
| Letters of guarantee | Baht | 91.34 |  | 91.34 |  | 91.34 |  | 91.34 |

\* 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.

23.4 As at June 30, 2019 and December 31, 2018, the Company and a subsidiary have 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** |
|  | **June 30,** |  | **December 31,** |  | **June 30,** |  | **December 31,** |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Letters of guarantee for electricity | 8,831 |  | 8,831 |  | 8,656 |  | 8,656 |

23.5 As at June 30, 2019, the Company has commitment for being as a guarantor of short-term borrowings and other facilities for a subsidiary of USD 9.00 million or equivalent Baht 278.74 million (2018 : nil) (see Note 13).

23.6 As at June 30, 2019 and December 31, 2018, the Company has commitment with a bank regarding the outstanding letters of credit of USD 12.84 million (or equivalent to Baht 396.88 million) and USD 1.62 million (or equivalent to Baht 52.82 million), respectively.

As at June 30, 2019 and December 31, 2018, a subsidiary has commitment with a bank regarding the outstanding letters of credit of USD 0.04 million (or equivalent Baht 1.17 million) and USD 0.07 million (or equivalent Baht 2.31 million), respectively.

**24. SEASONALITY OF OPERATION**

The Company’s main business is to manufacture, import, export and distribute various chemical fertilizer compound. 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 June 30, 2019 and 2018 were shown as below:

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **Financial Statements** | | |  | **Financial Statements** | | |
|  | **2019** |  | **2018** |  | **2019** |  | **2018** |
|  |  |  |  |  |  |  |  |
| Revenues from sales | 9,050,252 |  | 10,993,744 |  | 8,702,762 |  | 10,708,627 |
| Revenues from services | 125,451 |  | 114,809 |  | - |  | - |
| Costs of sales of goods | 7,321,458 |  | 8,302,522 |  | 7,041,743 |  | 8,085,787 |
| Costs of rendering of services | 53,810 |  | 49,235 |  | - |  | - |
| Total comprehensive income | 923,912 |  | 1,699,830 |  | 991,959 |  | 1,750,406 |

**25. 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. The business segment information of the Company and its subsidiaries classified by industries is as follows:

**For the three-month and six-month periods ended June 30, 2019**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Sales and other income** | | |  | **Total comprehensive income** | | |  | **Assets** |
|  | **For the** |  | **For the** |  | **For the** |  | **For the** |  | **employed** |
|  | **three-month** |  | **six-month** |  | **three-month** |  | **six-month** |  |  |
|  | **period ended** |  | **period ended** |  | **period ended** |  | **period ended** |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Fertilizer | 3,110,945 |  | 4,373,104 |  | 450,679 |  | 531,856 |  | 11,551,315 |
| Rental services | 27,967 |  | 57,216 |  | 6,282 |  | 17,295 |  | 209,498 |
| Others | 99,402 |  | 157,960 |  | 7,885 |  | 4,976 |  | 251,680 |
| Less Intersegment revenues | (58,660) |  | (114,622) |  |  |  |  |  |  |
| Total revenues | 3,179,654 |  | 4,473,658 |  |  |  |  |  |  |
| Profit before income tax expense |  |  |  |  | 464,846 |  | 554,127 |  |  |
| Less Income tax expense |  |  |  |  | (94,667) |  | (114,651) |  |  |
| Profit for the period |  |  |  |  | 370,179 |  | 439,476 |  |  |
|  |  |  |  |  |  |  |  |  | 12,012,493 |
| Less Intersegment assets |  |  |  |  |  |  |  |  | (553,073) |
| Less Non-controlling interests in total comprehensive income |  |  |  |  | (2,463) |  | (6,773) |  |  |
| Exchange differences on translation of financial statements |  |  |  |  |  |  |  |  |  |
| of foreign subsidiary |  |  |  |  | (10,427) |  | (17,461) |  |  |
| Total comprehensive income attributable to owners |  |  |  |  |  |  |  |  |  |
| of the parent |  |  |  |  | 357,289 |  | 415,242 |  |  |
| Consolidated assets as at June 30, 2019 |  |  |  |  |  |  |  |  | 11,459,420 |

**For the three-month and six-month periods ended June 30, 2018**

**Unit : Thousand Baht**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Sales and other income** | | |  | **Total comprehensive income** | | |  | **Assets** |
|  | **For the** |  | **For the** |  | **For the** |  | **For the** |  | **employed** |
|  | **three-month** |  | **six-month** |  | **three-month** |  | **six-month** |  |  |
|  | **period ended** |  | **period ended** |  | **period ended** |  | **period ended** |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Fertilizer | 3,914,082 |  | 5,510,192 |  | 858,591 |  | 1,084,359 |  | 11,684,977 |
| Rental services | 30,279 |  | 60,757 |  | 13,187 |  | 23,899 |  | 210,957 |
| Others | 120,287 |  | 200,915 |  | (12,202) |  | (32,074) |  | 753,412 |
| Less Intersegment revenues | (98,426) |  | (130,216) |  |  |  |  |  |  |
| Total revenues | 3,966,222 |  | 5,641,648 |  |  |  |  |  |  |
| Profit before income tax expense |  |  |  |  | 859,576 |  | 1,076,184 |  |  |
| Less Income tax expense |  |  |  |  | (176,847) |  | (226,862) |  |  |
| Profit for the period |  |  |  |  | 682,729 |  | 849,322 |  |  |
|  |  |  |  |  |  |  |  |  | 12,649,346 |
| Less Intersegment assets |  |  |  |  |  |  |  |  | (624,766) |
| Less Non-controlling interests in total comprehensive income |  |  |  |  | (5,190) |  | (9,392) |  |  |
| Exchange differences on translation of financial statements |  |  |  |  |  |  |  |  |  |
| of foreign subsidiary |  |  |  |  | 20,689 |  | 3,232 |  |  |
| Total comprehensive income attributable to owners |  |  |  |  |  |  |  |  |  |
| of the parent |  |  |  |  | 698,228 |  | 843,162 |  |  |
| Consolidated assets as at June 30, 2018 |  |  |  |  |  |  |  |  | 12,024,580 |

**26. DISCLOSURE OF FINANCIAL INSTRUMENTS**

26.1Forward exchange contracts

As at June 30, 2019 and December 31, 2018, 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:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Forward exchange purchase contracts** | | | | **The remaining** | **Net fair value** | **Fair value** | **Valuation** |
|  | **Currency** | **Amount** | **Contracts’** | **period** | **gain (loss)** | **hierarchy** | **technique(s)** |
|  |  | **(Thousand**  **Baht)** | **average rate**  **(Baht)** | **(days)** | **(Thousand**  **Baht)** |  |  |
| **As at June 30, 2019** | | | | | | | |
| The Company | USD | 25,933 | 31.2944 | 4 - 269 | (15,459) | Level 2 | Discounted  cash flow\* |
| Subsidiary | USD | 1,002 | 31.4755 | 25 - 187 | (793) |
| **As at December 31, 2018** | | | | | | | |
| The Company | USD | 9,224 | 32.4827 | 5 - 272 | (1,090) | Level 2 | Discounted  cash flow\* |
| Subsidiary | USD | 2,298 | 32.8139 | 3 - 179 | (964) |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Forward exchange sell contracts** | | | | **The remaining** | **Net fair value** | **Fair value** | **Valuation** |
|  | **Currency** | **Amount** | **Contracts’** | **period** | **gain (loss)** | **hierarchy** | **technique(s)** |
|  |  | **(Thousand**  **Baht)** | **average rate**  **(Baht)** | **(days)** | **(Thousand**  **Baht)** |  |  |
| **As at June 30, 2019** | | | | | | | |
| The Company | USD | 1,059 | 31.7918 | 118 - 187 | 1,381 | Level 2 | Discounted  cash flow\* |
| **As at December 31, 2018** | | | | | | | |
| The Company | USD | 2,563 | 32.4910 | 93 - 178 | 848 | 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.

26.2 Assets and liabilities in foreign currencies

As at June 30, 2019 and December 31, 2018, 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 June 30, 2019** |  |  |
| The Company | USD | 1,255 |
|  | MMK | 3,997 |
| Subsidiaries | USD | 1,858 |
|  | MMK | 464,671 |
|  |  |  |
| **As at December 31, 2018** |  |  |
| The Company | USD | 2,710 |
|  | MMK | 4,739 |
| Subsidiaries | USD | 461 |
|  | MMK | 132,832 |

**Unit : Thousand**

|  |  |  |
| --- | --- | --- |
|  | **Foreign liabilities** | |
|  | **Currency** | **Amount** |
| **As at June 30, 2019** |  |  |
| The Company | USD | 19,322 |
| Subsidiary | USD | 686 |
|  |  |  |
| **As at December 31, 2018** |  |  |
| The Company | USD | 5,325 |
| Subsidiary | USD | 1,681 |

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

The interim financial information was approved for issuance by the authorized directors of the Company on August 14, 2019.