

**Chememan Public Company Limited  
and its subsidiaries**

Financial statements for the year ended

31 December 2019

and

Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of Chememan Public Company Limited**

#### **Qualified Opinion**

I have audited the consolidated and separate financial statements of Chememan Public Company Limited and its subsidiaries (the "Group") and of Chememan Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects to the consolidated and separate financial statements of the matter described in the Basis for Qualified Opinion section of my report, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### **Basis for Qualified Opinion**

During the year, the Group acquired the capital contribution of Ha Long QN Lime Company Limited ("HLL") which is the indirect subsidiary in Vietnam as mention in Note No. 5. Assets and liabilities of HLL are presented in the consolidated statements of financial position representing 16% portion of the Group's net assets as at 31 December 2019. The financial statements of HLL for the year ended 31 December 2019 includes write-off of account receivable amounting to VND 597 billion or equivalent to Baht 799 million that HLL was transferred the right to collect and then write-off this account receivable prior to the date of acquisition by the Group. The auditor of HLL has been unable to obtain sufficient appropriate audit evidence about necessary legal documents or other documentations to support the transfer of receivable, the written-off amount or related taxation implications and is unable to express an audit opinion on the financial position of HLL at either the acquisition date by the Group or as at 31 December 2019. This potentially affects the value of assets and liabilities of HLL that are presented in the consolidated statements of financial position as at 31 December 2019, and the financial performance for the period of HLL. Moreover, the value of investment in subsidiary, Northman Company Limited, which invested in HLL and which are presented in the separate financial statements amounting to Baht 554 million is unable to be assessed due to the position of HLL as its subsidiary. Consequently, I was unable to determine whether any adjustments were necessary.

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for qualified opinion.

## Key Audit Matters

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

The key audit matter	How the matter was addressed in the audit
<p><b>Significant business acquisition</b></p> <p>During the year ended December 31, 2019, the Group has acquired Ha Long QN Lime Company limited at the amount of Baht 537 million. Key audit matter is whether the acquisition assets and liabilities of Ha Long QN Lime Company limited at the acquisition date has been recognized in accordance with TFRSs including related disclosures. At the reporting date, the Group is still in the process of appraising the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date.</p> <p>The accounting method for business combinations is a complex and judgmental exercise, requiring the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred with any resulting differences recognised as goodwill or a gain on bargain purchase.</p> <p>Due to the materiality of the transactions and the significant judgment and complexities involved in determining the fair value of assets acquired and liabilities assumed, I considered accounting for business combination as the key audit matter.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the business acquisition process and related internal control procedures.</li> <li>• Performing substantive testing as follows: <ul style="list-style-type: none"> <li>- Examining the terms and conditions of Contributed Capital Transfer Agreement for the acquisition of Ha Long QN Lime Company limited, payment documents, share transferred documents and related supporting documents</li> <li>- Examining details of assets and liabilities of Ha Long QN Lime Company limited at the acquisition date which consists of the examination of existence, rights, obligations, valuation of assets and liabilities</li> <li>- Agreeing the carrying amounts in the accounting records of the acquiree as at the date of acquisition and examine the consideration transferred</li> <li>- Considered the completeness of assets and liabilities transferred</li> <li>- Determine the accuracy of goodwill recognition based on the differences of the provisional values of net assets acquired and consideration transferred</li> <li>- Considered the adequacy of disclosure in accordance with TFRS's</li> </ul> </li> </ul>
<p><b>Revenue recognition</b></p> <p>Revenue from sales of chemical products for industrial use is a significant amount. As at 31 December 2019, sales amounted to Baht 2,372 million and directly affected the Group's profit and loss. In addition, the Group has a large number of customers and a variety of terms and conditions of sales. There are therefore risks with respect to the amount and timing of revenue recognition from sales, especially near the end of the year.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the revenue recognition process and related internal control procedures.</li> <li>• Assessing and testing the effectiveness of the IT system and internal controls with respect to the revenue cycle of the Group, especially tests related to the accuracy and timing of revenue recognition in the financial statements of the Group.</li> <li>• Performing substantive testing as follows: <ul style="list-style-type: none"> <li>- Examining the supporting documents for the revenue from sales of goods occurring during the year and focus on revenue transactions that occur near the end of accounting period.</li> </ul> </li> </ul>

The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>- Requesting for the confirmation of accounts receivable balances at the year-end.</li> <li>- Reviewing credit notes issued after year-end especially the credit notes of revenue in period.</li> <li>- Performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.</li> </ul>
<p><b>Impairment of investment in subsidiaries and joint ventures, and goodwill</b></p> <p>The consideration of impairment of investment in subsidiaries and joint ventures and goodwill is depended on the management judgements and assumptions. Therefore, the key audit matter is whether the valuation of investment in subsidiaries and joint ventures, and goodwill and the allowance for impairment in subsidiaries and joint ventures and goodwill have been recognized in accordance with TFRSs.</p> <p>Accounting policies of investments, goodwill and impairment and detail of investments in subsidiaries and joint ventures, and goodwill were disclosed in the Notes 4.5, 4.9, 4.13, 11 and 12 to the financial statements, respectively.</p>	<p>Key audit procedures were included:</p> <ul style="list-style-type: none"> <li>• Understanding the impairment consideration process and related internal control procedures.</li> <li>• Performing substantive testing as follows: <ul style="list-style-type: none"> <li>- Examining the supporting documents in relation to the management consideration of impairment indicators for investment in subsidiaries and joint ventures, and goodwill.</li> <li>- Assessing the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment provision for investment in subsidiaries and joint ventures, and goodwill.</li> </ul> </li> </ul>

### Emphasis of Matter

We draw attention to Note 5 to the financial statements that the Group completed the acquisition of 80% equity interest in Ha Long QN Lime Company limited resulting in the recording of goodwill of Baht 253 million. The fair value of identifiable net assets and the allocation of purchase price have been provisionally determined and are subject to potential amendment. My opinion is not modified in respect of this matter.

### Other matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2018, which are included as comparative information, were audited by another auditor whose report dated 27 February 2019 expressed an unqualified opinion on those statements.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Sawinee Sawanont)  
Certified Public Accountant  
Registration No. 7092

PKF Audit (Thailand) Ltd.  
Bangkok  
29 February 2020

**Chememan Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 31 December 2019**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	7	215,459,708	125,991,606	73,338,755	84,375,571
Trade and other receivables	8	517,697,415	412,294,209	392,670,484	418,942,067
Current portion of accounts receivable					
under installment sales	9	4,959,111	4,878,222	4,959,111	4,878,222
Short-term loan to related party	6	-	-	209,198,500	-
Current portion of long-term loan to					
related party	6	-	-	2,390,840	-
Inventories	10	389,021,712	312,466,851	279,393,251	265,194,242
Other current assets		21,399,888	19,130,658	16,770,385	18,574,975
<b>Total current assets</b>		<b>1,148,537,834</b>	<b>874,761,546</b>	<b>978,721,326</b>	<b>791,965,077</b>
<b>Non-current assets</b>					
Restricted bank deposits		42,200,000	501,651	-	-
Accounts receivable under installment sales					
- net of current portion	9	39,874,509	44,614,863	39,874,509	44,614,863
Long-term loan to related party					
- net of current portion	6	-	-	1,494,275	4,185,012
Investments in subsidiaries	11	-	-	737,750,350	120,836,746
Investments in joint ventures	12	196,381,696	107,829,858	199,048,429	116,579,990
Property, plant and equipment	13	3,589,614,091	2,550,402,942	2,649,221,586	2,526,692,639
Ore reserve	14	223,422,851	100,817,992	94,299,936	100,817,992
Advance payments for construction of					
plant and machinery		10,441,897	95,956,271	10,441,897	95,956,271
Intangible assets		27,699,012	5,076,243	25,583,690	-
Goodwill	5	249,828,470	-	-	-
Deferred tax assets	23	57,493,952	36,929,581	37,445,696	27,932,402
Other non-current assets		16,027,155	7,102,443	5,256,059	5,256,059
<b>Total non-current assets</b>		<b>4,452,983,633</b>	<b>2,949,231,844</b>	<b>3,800,416,427</b>	<b>3,042,871,974</b>
<b>Total assets</b>		<b>5,601,521,467</b>	<b>3,823,993,390</b>	<b>4,779,137,753</b>	<b>3,834,837,051</b>

Chememan Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	15	648,042,996	154,516,555	550,000,000	154,516,555
Trade and other payables	16	545,288,205	324,410,874	243,252,582	299,651,412
Current portion of liabilities under					
finance lease agreements	17	20,300,972	22,131,137	19,953,124	22,043,163
Current portion of long-term loans	18	427,397,594	80,242,908	236,398,960	80,242,908
Other current liabilities		30,986,659	37,859,054	26,066,422	30,132,562
<b>Total current liabilities</b>		<b>1,672,016,426</b>	<b>619,160,528</b>	<b>1,075,671,088</b>	<b>586,586,600</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion	17	37,195,981	42,453,582	36,023,103	42,226,160
Long-term loans - net of current portion	18	1,495,414,640	862,934,908	1,357,157,205	862,934,908
Provision for long-term employee benefits	19	84,846,156	61,921,960	84,632,028	61,694,547
Other non-current liabilities		113,408,401	14,531,098	12,342,768	14,490,048
<b>Total non-current liabilities</b>		<b>1,730,865,178</b>	<b>981,841,548</b>	<b>1,490,155,104</b>	<b>981,345,663</b>
<b>Total liabilities</b>		<b>3,402,881,604</b>	<b>1,601,002,076</b>	<b>2,565,826,192</b>	<b>1,567,932,263</b>

Chememan Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,000 million ordinary shares of Baht 1 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up					
960 million ordinary shares of Baht 1 each	20	960,000,000	960,000,000	960,000,000	960,000,000
Share premium	20	736,842,515	736,842,515	736,842,515	736,842,515
Capital surplus on share-based payment		28,996,825	28,996,825	28,996,825	28,996,825
Retained earnings					
Appropriated - statutory reserve	21	65,140,000	64,300,000	65,140,000	64,300,000
Unappropriated		379,897,498	447,128,488	425,411,081	476,765,448
Other components of shareholders' equity		<u>(43,991,462)</u>	<u>(18,149,099)</u>	<u>(3,078,860)</u>	<u>-</u>
<b>Equity attributable to owners of the Company</b>		<b>2,126,885,376</b>	<b>2,219,118,729</b>	<b>2,213,311,561</b>	<b>2,266,904,788</b>
Non-controlling interests of the subsidiary		<u>71,754,487</u>	<u>3,872,585</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<b>2,198,639,863</b>	<b>2,222,991,314</b>	<b>2,213,311,561</b>	<b>2,266,904,788</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,601,521,467</b>	<b>3,823,993,390</b>	<b>4,779,137,753</b>	<b>3,834,837,051</b>

Directors

Chememan Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss</b>					
			(in Baht)		
<b>Revenues</b>					
Sales		2,372,330,673	2,423,359,917	1,999,057,607	2,180,741,447
Other income		25,690,014	22,146,738	22,393,659	15,446,605
Net gain on exchange rate		-	1,897,107	-	1,799,512
<b>Total revenues</b>		<b>2,398,020,687</b>	<b>2,447,403,762</b>	<b>2,021,451,266</b>	<b>2,197,987,564</b>
<b>Expenses</b>					
Cost of sales		1,604,110,491	1,602,712,500	1,350,211,258	1,484,410,782
Selling and distribution expenses		519,879,255	458,245,155	433,103,594	380,009,664
Administrative expenses		199,067,060	172,831,248	158,040,315	129,558,700
Net loss on exchange rate		23,939,526	-	22,674,436	-
<b>Total expenses</b>		<b>2,346,996,332</b>	<b>2,233,788,903</b>	<b>1,964,029,603</b>	<b>1,993,979,146</b>
<b>Profit before share of loss from investments in joint ventures, finance cost and income tax</b>		<b>51,024,355</b>	<b>213,614,859</b>	<b>57,421,663</b>	<b>204,008,418</b>
Share of loss from investments in joint ventures	12	(9,720,792)	(3,792,403)	-	-
<b>Profit before finance cost and income tax</b>		<b>41,303,563</b>	<b>209,822,456</b>	<b>57,421,663</b>	<b>204,008,418</b>
Finance cost		(52,043,790)	(57,365,919)	(49,479,609)	(57,340,329)
<b>Profit (loss) before income tax</b>		<b>(10,740,227)</b>	<b>152,456,537</b>	<b>7,942,054</b>	<b>146,668,089</b>
Income tax benefits	23	7,820,051	8,813,049	8,743,579	12,367,400
<b>Profit (loss) for the year</b>		<b>(2,920,176)</b>	<b>161,269,586</b>	<b>16,685,633</b>	<b>159,035,489</b>
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of financial statements in foreign currency - net of income tax		(23,052,987)	(12,820,645)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Losses on remeasurements of defined benefit plans - net of income tax		(3,078,860)	-	(3,078,860)	-
<b>Other comprehensive income (expense) for the year</b>		<b>(26,131,847)</b>	<b>(12,820,645)</b>	<b>(3,078,860)</b>	<b>-</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(29,052,023)</b>	<b>148,448,941</b>	<b>13,606,773</b>	<b>159,035,489</b>

Chememan Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
<b>Profit (loss) attributable to</b>					
Equity holders of the Company		809,010	162,628,252	<u>16,685,633</u>	<u>159,035,489</u>
Non-controlling interests of the subsidiary		<u>(3,729,186)</u>	<u>(1,358,666)</u>		
		<u>(2,920,176)</u>	<u>161,269,586</u>		
<b>Total comprehensive income (expense) attributable to:</b>					
Equity holders of the Company		(25,033,353)	149,945,271	<u>13,606,773</u>	<u>159,035,489</u>
Non-controlling interests of the subsidiary		<u>(4,018,670)</u>	<u>(1,496,330)</u>		
		<u>(29,052,023)</u>	<u>148,448,941</u>		
<b>Earnings per share</b>	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.0008</u>	<u>0.1788</u>	<u>0.0174</u>	<u>0.1749</u>

Chememan Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

Consolidated financial statements										
Equity attributable to owners of the Company										
						Other components of equity				
						Other comprehensive income				
						Exchange differences	Losses on	Total equity	Equity attributable	
						on translation of	remeasurements of	attributable to	to non-controlling	
						financial statements	defined benefit plans	owners of	interests of	
Note	Issued and paid-up	Share premium	Capital surplus	Appropriated	Unappropriated	in foreign currency		the Company	the subsidiary	Total
	share capital		on share-based	- statutory reserve						
			payment							
(in Baht)										
Balance as at 1 January 2018	720,000,000	77,000,000	28,996,825	56,300,000	340,500,236	(5,466,118)	-	1,217,330,943	5,368,915	1,222,699,858
Profit for the year	-	-	-	-	162,628,252	-	-	162,628,252	(1,358,666)	161,269,586
Other comprehensive income (expense) for the year	-	-	-	-	-	(12,682,981)	-	(12,682,981)	(137,664)	(12,820,645)
Total comprehensive income (expense) for the year	-	-	-	-	162,628,252	(12,682,981)	-	149,945,271	(1,496,330)	148,448,941
Increase share capital	20	240,000,000	659,842,515	-	-	-	-	899,842,515	-	899,842,515
Dividend paid	26	-	-	-	(48,000,000)	-	-	(48,000,000)	-	(48,000,000)
Transferred unappropriated retained earnings										
to statutory reserve		-	-	8,000,000	(8,000,000)	-	-	-	-	-
Balance as at 31 December 2018		960,000,000	736,842,515	28,996,825	64,300,000	447,128,488	(18,149,099)	2,219,118,729	3,872,585	2,222,991,314
Balance as at 1 January 2019		960,000,000	736,842,515	28,996,825	64,300,000	447,128,488	(18,149,099)	2,219,118,729	3,872,585	2,222,991,314
Profit (loss) for the year		-	-	-	809,010	-	-	809,010	(3,729,186)	(2,920,176)
Other comprehensive income (expense) for the year		-	-	-	-	(22,763,503)	(3,078,860)	(25,842,363)	(289,484)	(26,131,847)
Total comprehensive income (expense) for the year		-	-	-	809,010	(22,763,503)	(3,078,860)	(25,033,353)	(4,018,670)	(29,052,023)
Non-controlling interest from business combination	5	-	-	-	-	-	-	-	71,900,572	71,900,572
Dividend paid	26	-	-	-	(67,200,000)	-	-	(67,200,000)	-	(67,200,000)
Transferred unappropriated retained earnings										
to statutory reserve		-	-	840,000	(840,000)	-	-	-	-	-
Balance as at 31 December 2019		960,000,000	736,842,515	28,996,825	65,140,000	379,897,498	(40,912,602)	2,126,885,376	71,754,487	2,198,639,863

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

**Chememan Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (Continued)**  
**For the year ended 31 December 2019**

		Separate financial statements					
		Issued and paid-up		Capital surplus	Retained earnings		Losses on
				on share-based	Appropriated		remeasurements of
Note	share capital	Share premium	payment	- statutory reserve	Unappropriated	defined benefit plans	Total
				(in Baht)			
Balance as at 1 January 2018	720,000,000	77,000,000	28,996,825	56,300,000	373,729,959	-	1,256,026,784
Total comprehensive income for the year	-	-	-	-	159,035,489	-	159,035,489
Increase share capital	20 240,000,000	659,842,515	-	-	-	-	899,842,515
Dividend paid	26 -	-	-	-	(48,000,000)	-	(48,000,000)
Transferred unappropriated retained earnings							
to statutory reserve	-	-	-	8,000,000	(8,000,000)	-	-
Balance as at 31 December 2018	960,000,000	736,842,515	28,996,825	64,300,000	476,765,448	-	2,266,904,788
Balance as at 1 January 2019	960,000,000	736,842,515	28,996,825	64,300,000	476,765,448	-	2,266,904,788
Profit for the year	-	-	-	-	16,685,633	-	16,685,633
Other comprehensive income (expense) for the year	-	-	-	-	-	(3,078,860)	(3,078,860)
Dividend paid	26 -	-	-	-	(67,200,000)	-	(67,200,000)
Transferred unappropriated retained earnings							
to statutory reserve	-	-	-	840,000	(840,000)	-	-
Balance as at 31 December 2019	960,000,000	736,842,515	28,996,825	65,140,000	425,411,081	(3,078,860)	2,213,311,561

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

**Chememan Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) before tax	(10,740,227)	152,456,537	7,942,054	146,668,089
Adjustments to reconcile profit (loss) before tax to				
net cash provided by (paid from) operating activities				
Depreciation and amortisation	211,264,400	187,287,653	198,233,905	179,038,310
Doubtful account	538,542	6,497,337	-	-
Losses on inventories devaluation	427,445	-	-	-
(Gain) loss on sales of building,machinery, equipment and motor vehicle	(911,913)	2,772,922	(911,913)	2,762,011
Write-off land, building,machinery, equipment and motor vehicle	9,658,024	291,119	9,592,302	291,119
Write-off withholding tax	125	171,922	-	168,566
Employee benefits expenses	19,386,360	7,402,850	19,383,226	7,090,831
Unrealised (gain) loss on exchange	1,919,317	1,865,857	(1,480,416)	4,741,324
Unrealised loss on forward contract	402,544	9,881	402,544	9,881
Loss on impairment in value of investments in subsidiary	-	-	9,700,000	-
Share of loss from investments in joint ventures	9,720,792	3,792,403	-	-
Interest income	(4,205,089)	(2,730,529)	(4,499,540)	(2,930,848)
Finance cost	52,043,790	57,365,919	49,479,609	57,340,329
Profit from operating activities before				
changes in operating assets and liabilities	289,504,110	417,183,871	287,841,771	395,179,612
Operating assets (increase) decrease				
Trade and other receivables	(21,138,704)	(31,735,574)	34,718,583	(41,752,644)
Inventories	(44,258,482)	(32,553,695)	(14,199,009)	(21,908,580)
Accounts receivable under installment sales	1,206,804	2,163,626	1,206,804	2,163,626
Other current assets	(1,694,911)	4,040,272	2,452,787	4,367,902
Other non-current assets	619,719	224,393	-	15,099
Operating liabilities increase (decrease)				
Trade and other payables	(76,543,296)	16,458,765	(11,114,640)	27,336,766
Other current liabilities	(6,869,645)	4,242,463	(4,501,388)	(1,370,572)
Cash paid for long-term employee benefits	(294,320)	(1,722,140)	(294,320)	(1,722,140)
Other non-current liabilities	(1,588,208)	(2,897,188)	(1,743,824)	(2,801,676)
Cash flows from operating activities	138,943,067	375,404,793	294,366,764	359,507,393
Cash paid for interest expenses	(50,950,635)	(54,679,203)	(48,385,724)	(54,655,627)
Cash paid for income tax	(641,087)	(630,330)	(641,008)	(630,247)
<b>Net cash flows from operating activities</b>	<b>87,351,345</b>	<b>320,095,260</b>	<b>245,340,032</b>	<b>304,221,519</b>

**Chememan Public Company Limited and its subsidiaries**  
**Cash flow statement (continued)**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Increase in restricted bank deposits	(44,505,380)	-	-	-
Increase in short-term loan to related party	-	-	(209,569,400)	-
Cash paid for investments in subsidiary company	(451,569,764)	-	(626,613,603)	-
Cash paid for investments in joint ventures	(112,911,081)	(101,496,974)	(82,468,439)	(101,496,974)
Payment for acquisition of property, plant and equipment	(294,738,756)	(485,113,113)	(292,168,579)	(484,436,102)
Proceeds from sale of building, equipment and motor vehicle	19,643,948	1,935,936	19,643,948	1,934,069
Cash paid for advance payments for construction of plant and machinery	(10,441,897)	(95,956,271)	(10,441,897)	(95,956,271)
Payment for acquisition of intangible assets	(9,410,000)	-	(9,410,000)	-
Interest received	1,936,041	2,688,900	2,193,149	2,930,479
<b>Net cash flows used in investing activities</b>	<b>(901,996,889)</b>	<b>(677,941,522)</b>	<b>(1,208,834,821)</b>	<b>(677,024,799)</b>
<b><i>Cash flows from financing activities</i></b>				
Increase (decrease) in short-term loans from financial institutions	379,578,999	(109,355,104)	395,483,445	(109,355,104)
Payment of liabilities under finance lease agreements	(25,663,083)	(25,993,103)	(25,493,687)	(25,963,653)
Proceeds from long-term loans from financial institution	788,560,000	959,440,000	788,560,000	959,440,000
Repayment of long-term loans from financial institution	(176,033,500)	(1,227,189,000)	(137,536,000)	(1,227,189,000)
Payment of front-end fee	(1,355,785)	(3,250,000)	(1,355,785)	(3,250,000)
Proceeds from increase in share capital	-	921,600,000	-	921,600,000
Payment of direct costs related to share offering	-	(24,260,080)	-	(24,260,080)
Dividend paid	(67,200,000)	(48,000,000)	(67,200,000)	(48,000,000)
<b>Net cash flows from financing activities</b>	<b>897,886,631</b>	<b>442,992,713</b>	<b>952,457,973</b>	<b>443,022,163</b>
<b>Exchange differences on translation foreign operations</b>	<b>6,227,015</b>	<b>(4,888,515)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>89,468,102</b>	<b>80,257,936</b>	<b>(11,036,816)</b>	<b>70,218,883</b>
Cash and cash equivalents at beginning of year	125,991,606	45,733,670	84,375,571	14,156,688
<b>Cash and cash equivalents at end of year</b>	<b>215,459,708</b>	<b>125,991,606</b>	<b>73,338,755</b>	<b>84,375,571</b>
<b><i>Supplemental cash flow information</i></b>				
Non-cash transactions				
Transfer advance payments for construction of plant and machinery to property, plant and equipment	95,956,271	6,655,354	95,956,271	6,655,354
Increased in accounts payable for purchase fixed asset	-	22,462,937	-	22,462,937
Assets acquired under finance lease agreements	18,571,580	7,241,108	17,141,972	6,896,262
Transfer Interest expense to assets	535,166	3,422,307	535,166	2,141,293
Consideration payable	83,219,135	-	-	-

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

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# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **1 General information**

Chememan Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of mineral lime products. The registered address of the Company is at 195/11-12 Lake Rajada Office Complex 2, 10th-11st Floor, Rajadapisek Road, Klongtoey, Bangkok and the Company has four factories located in Saraburi and Rayong.

The Company’s major shareholders during the financial period were Mr. Chai Srivikorn and Buranachart Company Limited.

### **2 Basis of preparation of the financial statements**

- 2.1 The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by Thailand Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

- 2.2 As at 31 December 2019, the Group and the Company have the current liabilities in excess of the current assets amounting to Baht 523 million and Baht 97 million respectively. The current liabilities mainly include short-term loans in the term of promissory note for working capital. However, the Group has remaining of credit facilities from long-term loan amounting to Baht 334 million and from short-term loans amounting to Baht 650 million which are available to support the needs of additional fund (if any). The management has defined business and financial strategy to have adequate liquidity in the Group and the Company, and the ability to meet liabilities. Therefore, the management believes that the Group will continue its operations at least for the forthcoming 12 months. Accordingly, the Group and the Company financial information has been prepared on a going concern basis.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 2.3 Basis of consolidation

The consolidated financial statements include the financial statements of Chememan Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (together referred to as the “Group”) and the Group’s interests in joint ventures

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			Percent	Percent
<b>Subsidiaries</b>				
Tubkwang Co., Ltd.	in liquidation process	Thailand	99.99	99.99
Chememan Australia Pty. Ltd.	Distribution of lime products	Australia	99.99	99.99
Northman Company Limited	Providing sources of lime, market study in Vietnam and lime quality assurance	Vietnam	100.00	100.00
Chememan Lao Company Limited	Manufacturing and distribution of lime products	Laos	60.00	60.00
Chememan India Private Limited	Market study and strengthen customer base in India	India	99.99	99.99
<b>Indirect subsidiaries</b>				
Ha Long QN Lime Company Limited	Manufacturing and distribution of lime products	Vietnam	80.00	-
<b>Joint Ventures</b>				
Siriman Chemicals India Private Limited	Manufacturing and distribution of lime products	India	50.00	50.00
Easternbulk Lime Products Private Limited	Manufacturing and distribution of lime products	India	50.00	50.00
CalMix Company Limited	Manufacturing and distribution of construction materials	Thailand	51.00	-

The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

#### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Investments in joint ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of joint venture. When the Group's share of losses of a joint venture equals or exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately as profit or loss in the statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss in the statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in joint venture that are not related to the Group.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

If the Group disposes partially of its holding investment, the deemed cost of the sold investment is determined using the weighted average method applied to the carrying value of the total holding of the investment.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

- 2.4 The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

### **3 New financial reporting standards**

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

During the period, the Group have adopted all the revised financial reporting standards and interpretations that are effective for annual periods beginning on or after 1 January 2019.

The primary change is that the Company has initially adopted TFRS 15 Revenue from Contracts with Customers ("TFRS 15"), which replaced TAS 18 Revenue ("TAS 18") and related interpretations.

Under TFRS 15, the Group recognise revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognise revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### *(b) Financial reporting standards that will become effective in the future*

The Federation of Accounting Professions issued a number of revised and new financial reporting standard and interpretations (revised 2019), which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements.

A number of new TFRS which are relevant to the Group operations are expected to have impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - financial instruments standards

### ***TFRS - financial instruments standards***

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to Baht 28.45 million, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying these standards on the consolidated and separate financial statements.

## **4 Significant accounting policies**

### **4.1 Revenue**

#### **Accounting policies for revenue recognition in 2019**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

#### ***Sale of goods***

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### *Installment sales*

Installment sales are recognised at the date of sales. The sale price, exclusive of interest, is the present value of the consideration, determined by discounting the installment receivable at the imputed rate of interest. The interest element is recognised as revenue as it is earned, using the effective interest method.

### *Interest income*

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

## **Accounting policies for revenue recognition in 2018**

### *Sales of goods*

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

### *Installment sales*

Installment sales are recognised at the date of sales. The sale price, exclusive of interest, is the present value of the consideration, determined by discounting the installment receivable at the imputed rate of interest. The interest element is recognised as revenue as it is earned, using the effective interest method.

### *Interest income*

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

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

### 4.5 Investments

#### *Investments in subsidiaries and joint ventures*

- Investments in subsidiaries and joint ventures in the separate financial statements are accounted for using the cost method.
- Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

### 4.6 Property, plant and equipment/Depreciation

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

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

Land improvement	3 to 20 years
Buildings and building improvement	5 to 30 years
Machinery and equipment	5 to 30 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	3 to 10 years

However, depreciation of lime kilns and coal grinder mill is calculated using the Productive Output Method, which estimated units of production at a total of 0.6 to 3.2 million tons.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **4.8 Ore reserve and depletion**

“Ore reserve” consists of cost of the concession and related development costs which are presented at cost less accumulated depletion. Depletion of the ore is calculated from the percentage of units of limestone produced to the estimated total limestone reserves assessed by an independent geologist.

### **4.9 Intangible assets**

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 2.2. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### *Ore*

Intangible assets which are expenses of exploration and evaluation of mineral resources, are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less impairment losses (if any).

### **4.10 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group operations.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **4.11 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### **4.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### **4.13 Impairment of assets**

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **4.14 Employee benefits**

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### ***Post-employment benefits***

##### ***Defined contribution plans***

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

##### ***Defined benefit plans***

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

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

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

### **4.15 Share-based payment**

Transfers of the Company's equity instruments by its shareholders to parties (including employees) that have supplied goods or services to the Company are treated as share-based payment transactions, unless the transfer is clearly for a purpose other than payment for goods or services supplied to the Company. The Company records the excess of the fair value at transfer date over the transfer price as an expense in profit or loss, and as the capital surplus on share-based payment in the shareholders' equity.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **4.16 Provisions**

Provisions are recognised when the Group have present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **4.17 Income tax**

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

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **4.18 Fair value measurement**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except in case of no active market of an identical asset or liability or when a quoted market price is not available. The Group measure fair value using valuation techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **4.19 Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### *Property, plant and equipment/Depreciation*

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### *Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **5 Acquisitions of businesses**

On 20 November 2019, Northman Company Limited, a subsidiary, acquired 80 percent portion of the capital contribution of Ha Long QN Lime Company Limited, a manufacturer and distributor of lime products, from its former shareholder as per the contributed Capital Transfer Agreement dated 28 July 2019 for a preliminary cash consideration of VND 349,125 million, or equivalent to Baht 454.21 million, and subsequent cash consideration payable of VND 63,965.51 million or equivalent to Baht 83.22 million (this amount will be due when the sellers fulfill all pending conditions as agreed in the Amendment to the Contributed Capital Transfer Agreement dated 12 December 2019). Total purchase price is VND 413,090.51 million or equivalent to Baht 537.43 million.

Taking control of Ha Long QN Lime Company Limited (“HLL”), will enable the Group to have the limestone mining concession in Vietnam which is in accordance to the Group’s main objective to expand the customer base into new markets, and to increase the distribution centers for more efficient logistics management and transportation cost saving.

Business acquisition as shown below during the year ended 31 December 2019 resulted in a significant change of the Group’s consolidated financial position and consolidated financial performance. Other significant changes have been disclosed in other notes to the financial statements.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

The net identifiable assets acquired on the date of acquisition were as follows:

	Carrying amounts	Acquired Date Fair value adjustment (in thousand Baht)	Recognised value
Cash and cash equivalents	2,642	-	2,642
Trade and other receivables	88,644	-	88,644
Inventories	36,681	-	36,681
Property, plant and equipment	923,927	-	923,927
Ore reserve	129,431	-	129,431
Deferred tax assets – net	12,477	-	12,477
Other non-current assets	9,720	-	9,720
Trade and other payables	(261,590)	-	(261,590)
Short-term loans from financial institutions	(113,823)	-	(113,823)
Current portion of long-term borrowings	(212,658)	-	(212,658)
Long-term borrowing from financial institutions	(155,153)	-	(155,153)
Other non-current liabilities	(100,795)	-	(100,795)
<b>Total identifiable net assets</b>	<b>359,503</b>	-	<b>359,503</b>
Less Non-controlling interests 20% (using proportionate method)			(71,901)
<b>Total identifiable net assets received</b>			<b>287,602</b>
Goodwill arising from the acquisition			249,829
<b>Total consideration (fair value)</b>			<b>537,431</b>
- Consideration transferred			454,212
- Consideration payable			83,219

An independent appraiser has been appointed to determine the fair value of the business, but the report of the appraiser is not yet completed as at the date of approval of these consolidated financial statements. Accordingly, the fair value of assets acquired, and liabilities assumed have been provisionally determined at the acquisition date

In accordance with TFRS 3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisation of the fair values for acquisition of HLL is dependent on determination of the completion of the purchase price allocation exercise.

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

During the period from acquisition date to 31 December 2019, Ha Long QN Lime Company Limited contributed revenue of Baht 22.84 million and loss of Baht 11.71 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by Baht 227.21 million and consolidated loss for the year would have increased by Baht 168.34 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

For the preparation of the consolidated financial statements for the year ended 31 December 2019, the Group used net assets value from financial information of Ha Long QN Lime Company Limited and other relevant factors which may affect such information as the consideration received from this business acquisition and recorded the difference amount between the identifiable net assets received and the value of consideration transferred and payable in the goodwill account amounting to Baht 249.83 million.

#### *Goodwill*

The goodwill is attributable mainly due to the fact that the Company wanted to expand its production capacity and double growth within 5 years according to business plan. Investing in Ha Long Lime QN Company Limited, which is specializing in manufacturing quicklime, powdered lime, and hydrated lime in Vietnam, and also has the Lime mining patent and the Lime factory Quang Ninh Province in Vietnam, means that the Group has the best Lime sources to produce Lime which corresponds to the Group's aims to be the leader in Lime business with the strategy of capacity expansion to appropriate locations both in Thailand and overseas. This enables the group to expand the customer base into new markets, bringing along continuous revenue growth. In addition, the production capacity expansion to Vietnam shall help to increase the distribution centers for more efficient logistics management, with target customers located in East Asia, and ASEAN countries, leading to transportation cost savings.

#### *Acquisition related costs*

The Group incurred acquisition-related costs of Baht 12.74 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 6 Related party transactions

Relationships with subsidiaries and joint ventures are disclosed in Notes 11 and 12.

Relationship with key management and other related parties are as follows:

<u>Name of entities</u>	<u>Country of incorporation/ nationality</u>	<u>Nature of relationships</u>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Rayong Mongkolchai Company Limited	Thailand	Related by common director
Legal Advisory Council Company Limited	Thailand	Related by common director
Hardware King Company Limited	Thailand	Related by common director
Buranachart Company Limited	Thailand	Major shareholders
Minority shareholders of Ha Long QN Lime Company Limited	Vietnam	Minority shareholder of consolidated subsidiary

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Pricing Policy</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
	<i>(in million Baht)</i>				
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	285	338	<i>Mutual agreed prices</i>
Services income	-	-	1	-	<i>Contract price</i>
Interest income	-	-	2	-	<i>Contract price</i>
Other income	-	-	2	-	<i>Mutual agreed prices</i>
Services expenses	-	-	5	10	<i>Contract price</i>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2019	2018	2019	2018	
	(in million Baht)				
<b><u>Transactions with joint venture</u></b>					
Services income	3	1	-	-	Contract price
Sale of fixed assets	20	-	20	-	Mutual agreed prices
<b><u>Transactions with related company</u></b>					
(related by common director)					
Services expenses	-	1	-	1	Contract price

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b><u>Trade receivables - related party (Note 8)</u></b>				
Subsidiary	-	-	98,155	95,816
<b><u>Other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	3,881	66
Joint venture	2,090	408	702	159
Related companies (related by common director)	51	-	51	-
Directors	-	296	-	296
<b>Total other receivables - related parties</b>	<b>2,141</b>	<b>704</b>	<b>4,634</b>	<b>521</b>
<b><u>Other payables - related parties (Note 16)</u></b>				
Subsidiaries	-	-	895	1,489
Related companies (related by common director)	5	23	5	23
Key management personnel	66	-	66	-
Directors	56	-	56	-
<b>Total other payable - related parties</b>	<b>127</b>	<b>23</b>	<b>1,022</b>	<b>1,512</b>
<b><u>Consideration payable – related parties (Note 5, 16)</u></b>				
Minority shareholders	<b>83,219</b>	-	-	-

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Short-term loan to related party

As at 31 December 2019 and 2018, the balance of loan to related party and the movement of such loan to are as follows:

		Separate financial statements				
		31	Increase	Decrease	Unrealised	31
Short-term loan to		December	during	during	loss from	December
related party	Relationship	2018	the	the	translation	2019
			period	period	of foreign	
					currency	
<i>(in thousand Baht)</i>						
Northman						
Company Limited	Subsidiary	-	20,692	(20,692)	-	-
Chememan						
Australia Pty. Ltd.	Subsidiary	-	16,149	(16,149)	-	-
Ha Long QN Lime	Indirect					
Company Limited	subsidiaries	-	209,569	-	(371)	209,198
<b>Total</b>		<b>-</b>	<b>246,410</b>	<b>(36,841)</b>	<b>(371)</b>	<b>209,198</b>

On 22 May 2019, the Company provides the short-term loan to Northman Company Limited of USD 0.22 million bearing interest at the rate LIBOR 3 months plus 4% per annum. The loan is due on 21 May 2020, but it is early repaid on 2 December 2019.

On 22 August 2019, the Company provides the short-term loan to Northman Company Limited of USD 0.45 million bearing interest at the rate LIBOR 3 months plus 4% per annum. The loan is due on 21 August 2020, but it is early repaid on 2 December 2019.

On 22 November 2019, the Company provides the short-term loan to Ha Long QN Lime Company Limited. Of USD 2 million bearing interest at the rate LIBOR plus 4.5% per annum, the loan is due on 21 November 2020.

On 17 December 2019, the Company provides the short-term loan to Ha Long QN Lime Company Limited. Of USD 5 million bearing interest at the rate LIBOR plus 4.5% per annum, the loan is due on 16 December 2020.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Long-term loans to related party

As at 31 December 2019 and 2018, the balance of loans to related party and the movement of such loans to are as follows.

		Separate financial statements			
			Increase	Decrease	Unrealised
		31	during	during	loss from
Long-term loans to		December	the	the	translation
related party	Relationship	2018	period	period	of foreign
					currency
					31
					December
					2019
<i>(in thousand Baht)</i>					
Northman					
Company Limited	Subsidiary	4,185	-	-	(300)
<b>Total</b>		<b>4,185</b>	<b>-</b>	<b>-</b>	<b>(300)</b>
Less portion due within one year					(2,391)
<b>Long term loans to related party - net of current portion</b>					<b>1,494</b>

The long-term loans to Northman Company Limited of USD 0.13 million (31 December 2018: outstanding balance of USD 0.13 million) bearing interest at the rate MLR per annum. The loans are repaid in 2020 and 2024.

### Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Short-term employee benefits	96,978	93,980	87,042	84,070
Post-employment benefits	6,651	6,121	6,181	6,014
<b>Total</b>	<b>103,629</b>	<b>100,101</b>	<b>93,223</b>	<b>90,084</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash	354	248	205	230
Bank deposits	215,106	125,744	73,134	84,146
<b>Total</b>	<b>215,460</b>	<b>125,992</b>	<b>73,339</b>	<b>84,376</b>

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.04 and 0.50 percent per annum (2018: between 0.04 and 6.75 percent per annum).

### 8 Trade and other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<u>Trade receivables - related party</u>	6				
Aged on the basis of due dates					
Not yet due		-	-	97,939	95,816
Past due					
Up to 3 months		-	-	-	-
3 - 6 months		-	-	216	-
<b>Total trade receivable - related parties</b>		<b>-</b>	<b>-</b>	<b>98,155</b>	<b>95,816</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<u>Trade receivables - unrelated parties</u>					
Aged on the basis of due dates					
Not yet due		373,656	333,854	220,514	262,272
Past due					
Up to 3 months		57,981	18,559	11,492	7,622
3 - 6 months		2,097	5,233	1,762	-
6 - 12 months		799	2,145	784	-
More than 12 months		4,960	-	-	-
Total trade receivables - unrelated parties		439,493	359,791	234,552	269,894
Less Allowance for doubtful debt expense		(6,544)	(6,497)	-	-
Total trade receivables		432,949	353,294	332,707	365,710
<u>Other receivables</u>					
Prepaid expenses		10,685	5,838	9,446	4,627
Advance and other receivables - related parties	6	2,141	704	4,634	521
Advance and other receivables - unrelated parties		71,923	52,458	45,883	48,084
Total other receivables		84,749	59,000	59,963	53,232
<b>Total trade receivable and other receivable</b>		<b>517,698</b>	<b>412,294</b>	<b>392,670</b>	<b>418,942</b>

As at 31 December 2019, the Company has advance payments for goods to a company in Vietnam amounting to Baht 39 million (31 December 2018: Baht 40 million) that is included in the advance and other receivables - unrelated parties. This company is the account receivable under installment sales machine agreement as described in note 9 to the financial statements. This company uses such machine to manufacture goods to sell to the Company.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 9 Accounts receivable under installment sales

As at 31 December 2019, net receivables of the Company under installment sales machine agreements amounted to Baht 45 million (31 December 2018: Baht 49 million). The terms of the agreements are generally 10 years, started in 2016, and interest is charged at 4.65% and 4.38% per annum (31 December 2018: 4.65% per annum). The details are as follows.

	Consolidated and Separate financial statements							
	2019				2018			
	Less		More		Less		More	
	than 1	1 - 5	than		than 1	1 - 5	than	
	year	years	5 years	Total	year	years	5 years	Total
	(in thousand Baht)							
Accounts receivable								
under installment								
sales	8,368	38,851	5,464	52,683	7,091	35,467	15,963	58,521
Unearned interest								
income	(3,409)	(4,351)	(89)	(7,849)	(2,213)	(6,183)	(632)	(9,028)
Accounts receivable								
under installment								
sales - net	4,959	34,500	5,375	44,834	4,878	29,284	15,331	49,493

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 10 Inventories

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>						
Finished goods	163,657	120,401	(2,249)	-	161,408	120,401
Work in process	6,625	1,284	-	-	6,625	1,284
Raw materials	140,685	121,063	-	-	140,685	121,063
Packing materials	15,305	13,734	-	-	15,305	13,734
Spare parts and factory supplies	44,292	40,643	-	-	44,292	40,643
Goods in transit	20,707	15,342	-	-	20,707	15,342
<b>Total</b>	<b>391,271</b>	<b>312,467</b>	<b>(2,249)</b>	<b>-</b>	<b>389,022</b>	<b>312,467</b>

  

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>						
Finished goods	129,601	88,470	-	-	129,601	88,470
Work in process	-	1,284	-	-	-	1,284
Raw materials	98,902	121,063	-	-	98,902	121,063
Packing materials	15,305	13,734	-	-	15,305	13,734
Spare parts and factory supplies	35,585	40,643	-	-	35,585	40,643
<b>Total</b>	<b>279,393</b>	<b>265,194</b>	<b>-</b>	<b>-</b>	<b>279,393</b>	<b>265,194</b>

During year 2018, the Company reversed the write-down of cost of inventories by Baht 0.6 million, this was included in cost of sales and reduced the amount of inventories recognised as expenses.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 11 Investments in subsidiaries

Company's name	Currency	Paid-up capital		Shareholding percentage		Cost		Impairment		At cost - net	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
				(%)				(in thousand Baht)			
Tubkwang Co., Ltd. (in liquidation process)	Thousand Baht	1,875	1,875	99.99	99.99	1,875	1,875	-	-	1,875	1,875
Chememan Australia Pty. Ltd.	Thousand AUD	3,220	3,220	99.99	99.99	95,674	95,674	-	-	95,674	95,674
Northman Company Limited	Million VND	423,423	2,336	100.00	100.00	553,858	3,721	-	-	553,858	3,721
Chememan Lao Company Limited	Thousand USD	500	500	60.00	60.00	10,742	10,742	(9,700)	-	1,042	10,742
Chememan India Private Limited	Thousand INR	113,723	16,897	99.99	99.99	85,302	8,825	-	-	85,302	8,825
<b>Total</b>						<b>747,451</b>	<b>120,837</b>	<b>(9,700)</b>	<b>-</b>	<b>737,751</b>	<b>120,837</b>

No dividend was received from the above subsidiary companies during the year ended 31 December 2019 and 2018.

## **Chememan Public Company Limited and its subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

##### *Northman Company Limited*

On November 2019, the company made an additional investment in ordinary shares from an increase in share capital of such company, totaling VND 370,240 million or equivalent to Baht 483.63 million.

On December 2019, the company made an additional investment in ordinary shares from an increase in share capital of such company, totaling VND 50,846 million or equivalent to Baht 66.51 million.

##### *Chememan India Private Limited*

During the year 2019, the company made an additional investment in 10,312,500 ordinary shares from an increase in share capital of such company, at a price of INR 16 per share, totaling INR 165 million or equivalent to Baht 76 million. The Company still had a 99.99% interest in such company.

##### *Tubkwang Co., Ltd.*

On 30 September 2019, at the Board of Directors' Meeting no. 8/2019 has resolved to approve the dissolution of Tubkwang Company Limited, a non-active subsidiary in which the Company holds 99.99% of the registered capital. Tubkwang Company Limited shall proceed with the dissolution and liquidation in accordance to the procedures prescribed by the law.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 12 Investments in joint ventures

#### 12.1 Detail of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)		(in thousand Baht)			
Siriman Chemicals India Private Limited	Manufacture and distribute lime products	India	50	50	61,303	30,861	61,470	30,941
Easternbulk Lime Products Private Limited	Manufacture and distribute lime products	India	50	50	137,588	85,719	123,173	80,953
CalMix Company Limited	Manufacture and distribute construction materials	Thailand	51	-	30,600	-	30,441	-
Less Exchange differences on translation adjustments					-	-	(18,702)	(4,064)
<b>Total</b>					<b>229,491</b>	<b>116,580</b>	<b>196,382</b>	<b>107,830</b>

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2019	2018	2019	2018
			(%)		(in thousand Baht)	
Siriman Chemicals India Private Limited	Manufacture and distribute of lime products	India	50	50	30,861	30,861
			(25% held direct and 25% held through subsidiary)			
Easternbulk Lime Products Private Limited	Manufacture and distribute of lime products	India	50	50	137,587	85,719
CalMix Company Limited	Manufacture and distribute of construction materials	Thailand	51	-	30,600	-
<b>Total</b>					<b>199,048</b>	<b>116,580</b>

## **Chememan Public Company Limited and its subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

##### *Siriman Chemicals India Private Limited*

On 4 April 2019, Chememan India Private Limited, a wholly owned subsidiary incorporated in India and held by the Company 99.99%, made an additional investment in Siriman Chemicals India Private Limited, a joint venture in India, totaling 6.5 million ordinary shares from an increase in share capital of such company, at a price of INR 10 per share, totaling INR 65 million or equivalent to Baht 30 million.

##### *Easternbulk Lime Products Private Limited*

During 2019, the Company made an additional investment in 574,229 ordinary shares from an increase in share capital of Easternbulk Lime Products Private Limited, at a price of INR 200 per share, totaling INR 115 million or equivalent to Baht 51 million. The Company still had a 50% interest in such company.

##### *CalMix Company Limited*

On 21 January 2019, the Company entered into a joint agreement with two German companies, namely Bergman Kalk Holding GmbH and Kalkwerke H. Oetelshofen GmbH & Co. KG, to establish a joint venture company in Thailand to develop, manufacture and sell construction materials. The registered capital of the joint venture is Baht 60 million, with the Company having 51% shareholdings and the two partnerships from Germany have equal shareholdings of 24.5% each. As the Company has the jointly control as specified in the agreement; therefore, this investment is classified as the investment in joint venture.

On 23 January 2019, the Company incorporated such joint venture company namely CalMix Company Limited. On 13 February 2019, the Company had invested in 306,000 ordinary shares of this company, at par of THB 100 per share, totaling Baht 30.60 million.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 12.2 Share of gain (loss)

During the year ended 31 December 2019 and 2018, the Company recognised its share of gain (loss) from investments in the joint ventures in the consolidated financial statements as follows:

Company's name	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Siriman Chemicals India Private Limited	87	108
Easternbulk Lime Products Private Limited	(9,649)	(3,900)
CalMix Company Limited	(159)	-
<b>Total</b>	<b>(9,721)</b>	<b>(3,792)</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 12.3 Summarised financial information about joint ventures

Summarised information about financial position as at 31 December 2019 and 2018.

	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited		CalMix Co., Ltd.	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Cash and cash equivalents	13,636	2,939	7,063	5,408	20,963	-
Other current assets	33,392	29,237	62,701	35,147	3,428	-
Other non-current assets	158,204	32,242	165,905	115,385	36,290	-
Trade and other payable	(15,446)	(4,353)	(18,229)	(4,620)	(841)	-
Other current liabilities	(43)	(92)	(130)	(128)	(152)	-
Other non-current liabilities	(79,666)	-	-	-	-	-
Net assets	110,077	59,973	217,310	151,192	59,688	-
Group's share of net asset	50%	50%	50%	50%	51%	-
Net assets of joint ventures based on equity method	55,039	29,987	108,655	75,596	30,441	-
Elimination of unrealized profit on downstream sales	-	-	1,400	1,400	-	-
Goodwill	-	-	847	847	-	-
Carrying amounts of joint ventures based on equity method	55,039	29,987	110,902	77,843	30,441	-

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

Summarised information about profit and loss for the year ended 31 December 2019 and 2018.

	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited		CalMix Co., Ltd.	
	2019	2018	2019	2018	2019	2018
			<i>(in thousand Baht)</i>			
Sale	-	-	47,506	-	-	-
Other income	231	331	-	-	258	-
Cost of sale	(39)	-	(35,309)	-	-	-
Selling and administrative expenses	-	-	(31,495)	(10,600)	(569)	-
Tax expense	(18)	(74)	-	-	-	-
Total comprehensive income (100%)	174	257	(19,298)	(10,600)	(311)	-
Total comprehensive income of the Group's interest	87	128.5	(9,649)	(5,300)	(159)	-
Elimination of unrealized profit on downstream sales	-	-	-	1,400	-	-
Group's share of total comprehensive income	87	128.5	(9,649)	(3,900)	(159)	-

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 13 Property, plant and equipment

#### Consolidated financial statements

		Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Note									
					(in thousand Baht)				
<b>Cost:</b>									
At 1 January 2018		178,777	101,579	536,553	1,741,254	47,088	249,976	316,823	3,172,050
Additions		-	-	43	13,624	1,998	10,503	450,317	476,485
Capitalised interest		-	-	-	-	-	-	3,422	3,422
Transfers		-	4,212	90,603	358,133	12,657	350	(465,955)	-
Disposals/ write-off		-	(78)	(366)	(23,569)	(3,197)	(6,723)	-	(33,933)
Translation adjustment		-	(311)	-	(5,700)	(63)	(661)	(15)	(6,750)
<b>At 31 December 2018</b>		<b>178,777</b>	<b>105,402</b>	<b>626,833</b>	<b>2,083,742</b>	<b>58,483</b>	<b>253,445</b>	<b>304,592</b>	<b>3,611,274</b>
Additions		-	-	90	25,370	914	21,530	324,171	372,075
Acquisition through business combination	5	-	-	815,585	65,004	35,006	95,379	87,484	1,098,458
Capitalised interest		-	-	-	-	-	-	535	535
Transfers		-	14,574	128,796	409,705	1,931	755	(555,761)	-
Transfers to intangible assets		-	-	-	-	(5,335)	-	(25,353)	(30,688)
Disposals/ write-off		-	-	(173)	(28,640)	(335)	(4,116)	(65)	(33,329)
Translation adjustment		-	(206)	627	(3,856)	(22)	(446)	64	(3,839)
<b>At 31 December 2019</b>		<b>178,777</b>	<b>119,770</b>	<b>1,571,758</b>	<b>2,551,325</b>	<b>90,642</b>	<b>366,547</b>	<b>135,667</b>	<b>5,014,486</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Consolidated financial statements

Consolidated Financial Statements									
					Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction		
	Note	Land	Land improvement	Buildings and building improvement	Machinery and equipment			Total	
					(in thousand Baht)				
<b>Depreciation:</b>									
At 1 January 2018		-	55,167	92,522	605,377	32,630	130,041	-	915,737
Depreciation for the year		-	7,154	28,191	111,591	6,894	24,052	-	177,882
Depreciation on disposals		-	(78)	(178)	(19,267)	(3,121)	(6,289)	-	(28,933)
Translation adjustment		-	(217)	-	(3,248)	(48)	(302)	-	(3,815)
<b>At 31 December 2018</b>		-	<b>62,026</b>	<b>120,535</b>	<b>694,453</b>	<b>36,355</b>	<b>147,502</b>	-	<b>1,060,871</b>
Depreciation for the year		-	7,232	37,805	122,799	7,447	26,176	-	201,459
Accumulated depreciation									
through business combination	5	-	-	137,673	12,626	5,822	18,410	-	174,531
Depreciation on disposals		-	-	(71)	(2,332)	(322)	(1,593)	-	(4,318)
Accumulated depreciation									
transferred to intangible assets		-	-	-	-	(4,909)	-	-	(4,909)
Translation adjustment		-	(177)	97	(2,408)	(37)	(237)	-	(2,762)
<b>At 31 December 2019</b>		-	<b>69,081</b>	<b>296,039</b>	<b>825,138</b>	<b>44,356</b>	<b>190,258</b>	-	<b>1,424,872</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Consolidated financial statements

		Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
	Note	Land	improvement	improvement	equipment			
					(in thousand Baht)			
<b>Net book value:</b>								
31 December 2018		178,777	43,376	506,298	1,389,289	22,128	105,943	304,592
31 December 2019		178,777	50,689	1,275,719	1,726,187	46,286	176,289	135,667
<b>Depreciation for the year</b>								
2018 (Baht 164 million included in cost of sales, and balance in selling and administrative expenses)								177,882
2019 (Baht 173 million included in cost of sales, and balance in selling and administrative expenses)								201,459

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	Separate financial statements							Total
	Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
	(in thousand Baht)							
<b>Cost:</b>								
At 1 January 2018	178,777	98,577	536,553	1,686,442	46,445	243,388	316,673	3,106,855
Additions	-	-	43	13,014	1,930	10,159	450,317	475,463
Capitalised interest	-	-	-	-	-	-	3,422	3,422
Transfers	-	4,212	90,603	358,066	12,657	350	(465,888)	-
Disposals/write-off	-	(78)	(366)	(23,569)	(3,175)	(6,723)	-	(33,911)
<b>At 31 December 2018</b>	<b>178,777</b>	<b>102,711</b>	<b>626,833</b>	<b>2,033,953</b>	<b>57,857</b>	<b>247,174</b>	<b>304,524</b>	<b>3,551,829</b>
Additions	-	-	90	23,527	892	20,242	323,325	368,076
Capitalised interest	-	-	-	-	-	-	535	535
Transfers	-	14,574	128,796	409,705	1,931	755	(555,761)	-
Transfers to intangible asset	-	-	-	-	(5,335)	-	(25,353)	(30,688)
Disposals/write-off	-	-	(173)	(28,640)	(335)	(4,116)	-	(33,264)
<b>At 31 December 2019</b>	<b>178,777</b>	<b>117,285</b>	<b>755,546</b>	<b>2,438,545</b>	<b>55,010</b>	<b>264,055</b>	<b>47,270</b>	<b>3,856,488</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Separate financial statements

	Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
	(in thousand Baht)							
<b>Depreciation:</b>								
<b>At 1 January 2018</b>	-	53,344	92,522	576,272	32,181	127,401	-	881,720
Depreciation for the year	-	6,629	28,191	107,323	6,810	23,387	-	172,340
Depreciation on disposals	-	(78)	(178)	(19,267)	(3,112)	(6,289)	-	(28,924)
<b>At 31 December 2018</b>	-	<b>59,895</b>	<b>120,535</b>	<b>664,328</b>	<b>35,879</b>	<b>144,499</b>	-	<b>1,025,136</b>
Depreciation for the year	-	6,866	33,916	118,444	7,207	24,925	-	191,358
Accumulated depreciation transfers to intangible assets	-	-	-	-	(4,909)	-	-	(4,909)
Depreciation on disposals	-	-	(71)	(2,332)	(322)	(1,593)	-	(4,318)
<b>31 December 2019</b>	-	<b>66,761</b>	<b>154,380</b>	<b>780,440</b>	<b>37,855</b>	<b>167,831</b>	-	<b>1,207,267</b>
<b>Net book value:</b>								
31 December 2018	178,777	42,816	506,298	1,369,625	21,978	102,675	304,524	2,526,693
31 December 2019	178,777	50,524	601,166	1,658,105	17,155	96,224	47,270	2,649,221
<b>Depreciation for the year</b>								
2018 (Baht 164 million included in cost of sales, and balance in selling and administrative expenses)								172,340
2019 (Baht 168 million included in cost of sales, and balance in selling and administrative expenses)								191,358

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

During the year ended 31 December 2019, the Company capitalised interest amounting to Baht 0.53 million to the costs of plant, machinery and equipment construction (2018: Baht 3.42 million). These borrowing costs arose on loans obtained for general purpose and used in these projects and were determined based on the weighted average interest rates of these loans, at 2.90% to 2.96% per annum. (31 December 2018: 2.80% to 4.20% per annum)

As at 31 December 2019, the Group had motor vehicles under finance lease agreements with net book value amounting to Baht 85 million (2018: Baht 84 million) and the Company only: Baht 84 million (2018: Baht 84 million).

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 358 million (2018: Baht 297 million) and the Company only: Baht 353 million (2018: Baht 293 million).

As at 31 December 2019, the Company has mortgaged its land and structures thereon and machinery with net book value of approximately Baht 1,232 million (2018: Baht 1,308 million) as collateral against credit facilities received from financial institution.

As at 31 December 2019, Ha Long QN Lime Company Limited, an indirect subsidiary in Vietnam has mortgaged its machinery, equipment and buildings with net book value of approximately VND 598.43 million or Baht 779 million as collateral against credit facilities received from financial institution.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 14. Ore reserve

The balance represents the acquisition cost of the concession to operate business related to the industrial mining of limestone and related development costs. The balance is summarized below:

		Consolidated		Separate financial	
		financial statements		statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Total costs		165,032	165,032	165,032	165,032
Acquisition through business combinations	5	129,838	-	-	-
Less Accumulated depletion		(71,549)	(64,214)	(70,732)	(64,214)
Translation adjustment		102	-	-	-
<b>Net</b>		<b>223,423</b>	<b>100,818</b>	<b>94,300</b>	<b>100,818</b>
Depletion for the year		6,926	6,698	6,518	6,698

Under the conditions of the Company's concession, the mining operations must comply with the approved mining plans, and Thailand environmental protection and rehabilitation regulations, and with the regulations and conditions stipulated in the concession. On 6 August 2014, the Company entered into an agreement to pay special benefits to the Thai government for the concession issuance. The concession period is 25 years, which will expire in 2040.

Under the conditions of Ha Long QN Lime Company Limited's concession which acquired from business combination during the year amounting to Baht 130 million required to comply with Vietnam environmental protection and rehabilitation regulations, and with the regulations and conditions stipulated in the concession. On 28 October 2019, the Company entered into the license of mineral exploitation. The License period is 30 years, which will expire in 11 May 2046.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 15. Short-term loans from financial institutions

	Interest rate		Consolidated financial statements	
	2019	2018	2019	2018
	<i>(percent per annum)</i>		<i>(in thousand Baht)</i>	
Short-term loans from financial institutions	2.00 - 8.00	2.80 - 2.95	648,043	154,517
<b>Total</b>			<b>648,043</b>	<b>154,517</b>

	Interest rate		Separate financial statements	
	2019	2018	2019	2018
	<i>(percent per annum)</i>		<i>(in thousand Baht)</i>	
Short-term loans from financial institutions	2.00 - 2.10	2.80 - 2.95	550,000	154,517
<b>Total</b>			<b>550,000</b>	<b>154,517</b>

### 16. Trade and other payables

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade payables - unrelated parties		182,234	138,572	109,165	121,019
Other payables - related parties	6	127	23	1,022	1,512
Consideration payable					
– related parties	5	83,219	-	-	-
Other payables - unrelated parties		208,952	114,333	76,468	113,901
Accrued expenses - unrelated parties		68,838	70,623	54,724	62,582
Advance receipt from customers		1,918	859	1,874	637
<b>Total trade and other payables</b>		<b>545,288</b>	<b>324,410</b>	<b>243,253</b>	<b>299,651</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 17. Liabilities under finance lease agreements

	Consolidated financial statement		Separate financial statement	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Liabilities under finance lease agreements	61,339	69,216	59,660	68,853
<i>Less</i> Deferred interest expenses	<u>(3,842)</u>	<u>(4,631)</u>	<u>(3,684)</u>	<u>(4,584)</u>
Total	57,497	64,585	55,976	64,269
<i>Less</i> Portion due within one year	<u>(20,301)</u>	<u>(22,131)</u>	<u>(19,953)</u>	<u>(22,043)</u>
Liabilities under finance lease agreements - net of current portion	<u>37,196</u>	<u>42,454</u>	<u>36,023</u>	<u>42,226</u>

The Group have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

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

Consolidated financial statements						
2019			2018			
Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total	
<i>(in thousand Baht)</i>						
Future minimum lease payments	22,258	39,081	61,339	24,411	44,805	69,216
Deferred interest expenses	(1,957)	(1,885)	(3,842)	(2,280)	(2,351)	(4,631)
Present value of future minimum lease payments	<u>20,301</u>	<u>37,196</u>	<u>57,497</u>	<u>22,131</u>	<u>42,454</u>	<u>64,585</u>
Separate financial statements						
2019			2018			
Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total	
<i>(in thousand Baht)</i>						
Future minimum lease payments	21,845	37,815	59,660	24,300	44,553	68,853
Deferred interest expenses	(1,892)	(1,792)	(3,684)	(2,257)	(2,327)	(4,584)
Present value of future minimum lease payments	<u>19,953</u>	<u>36,023</u>	<u>55,976</u>	<u>22,043</u>	<u>42,226</u>	<u>64,269</u>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 18. Long-term loans

Credit facilities	Interest rate per annum	Consolidated	
		financial statements	
		2019	2018
		(in thousand Baht)	
1) Baht 1,300 million	MLR - Fixed percentage	1,159,608	946,251
2) Baht 248 million	MLR - Fixed percentage	237,667	-
3) Baht 400 million	MLR - Fixed percentage	200,000	-
4) VND 284.5 billion	10 percent per annum	104,556	-
5) USD 6.4 million	7 percent per annum	194,637	-
6) VND 40 billion	10 percent per annum	30,063	-
Less Deferred loan front-end fee		(3,719)	(3,073)
Total		1,922,812	943,178
Less Portion due within one year		(427,398)	(80,243)
Long-term loans - net of current portion		1,495,414	862,935

Credit facilities	Interest rate per annum	Separate financial statements	
		2019	2018
		(in thousand Baht)	
1) Baht 1,300 million	MLR - Fixed percentage	1,159,608	946,251
2) Baht 248 million	MLR - Fixed percentage	237,667	-
3) Baht 400 million	MLR - Fixed percentage	200,000	-
Less Deferred loan front-end fee		(3,719)	(3,073)
Total		1,593,556	943,178
Less Portion due within one year		(236,399)	(80,243)
Long-term loans - net of current portion		1,357,157	862,935

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

Movements of the long-term loans account during the year ended 31 December 2019 and 2018 are summarised below.

		Consolidated financial statement		Separate financial statement	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Balance as at 1 January		943,178	1,208,521	943,178	1,208,521
Add Loan during period		788,560	959,440	788,560	959,440
Acquisition through business combinations	5	367,811	-	-	-
Less Repayment of loan as due date		(176,034)	(37,469)	(137,536)	(37,469)
Less Repayment of loan before due date		-	(1,189,720)	-	(1,189,720)
Less Deferred loans front-end fee		(1,356)	(3,250)	(1,356)	(3,250)
Add Amortisation loans front-end fee		710	5,656	710	5,656
Unrealized loss from translation of foreign currency		(429)	-	-	-
Effect of movements in exchange rates		372	-	-	-
Balance as at 31 December		1,922,812	943,178	1,593,556	943,178
Less Portion due within one year		(427,398)	(80,243)	(236,399)	(80,243)
<b>Long-term loans - net of current portion</b>		<b>1,495,414</b>	<b>862,935</b>	<b>1,357,157</b>	<b>862,935</b>

Under the long-term loan agreement with the first tranche of Baht 1,300 million requires the loan principal to be repaid in quarterly installments and carries interest at MLR minus fixed rate per annum. The loan is secured by the mortgage of the Company's land and structures thereon and most of its machinery. The Company is required to maintain debt to equity and debt service coverage ratios in accordance with the agreement.

## **Chememan Public Company Limited and its subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

On 21 March 2019, the Company draw down the second borrowings under the above loan agreement in the amount of Baht 160.56 million which is fully second credit limit. And on 20 June 2019, the Company draw down the third borrowings under such loan agreement in the amount of Baht 180 million which is fully borrowings of the long-term agreement. The loan principal to be repaid the first borrowings within the third quarter 2026, the second borrowings within the fourth quarter 2026 and the third borrowings within the first quarter 2027. On 29 October 2019, the Company was approved to receive higher tranche of Baht 248 million (“Additional credit limit”) under the above loan agreement. The additional credit limit is based on the value of the company's collateral. The loan principal to be repaid within the third quarter 2025.

Under the long-term loan agreement with the tranche of Baht 400 million requires the loan principal to be repaid in quarterly installments and carries interest at MLR minus fixed rate per annum which has no guaranteed. The Company is required to comply with some financial conditions as those specified in the Company’s loan agreement and to maintain a certain debt to equity ratio.

On 18 November 2019, the Company draw down the first borrowings under the above loan agreement in the amount of Baht 200 million. The loan principal to be repaid within the fourth quarter 2023.

Under the long-term loan agreement with the tranche of VND 284.5 billion and USD 6.4 million of Ha Long QN Lime Company Limited, indirect subsidiaries in Vietnam requires the loan principal to be repaid in quarterly installments. The loan principal to be repaid within 26 August 2021 and carries interest at 10% and 7% respectively. The loan is secured by the mortgage of machinery, equipment and buildings.

Under the long-term loan agreement with the tranche of VND 40 billion of Ha Long QN Lime Company Limited, indirect subsidiaries in Vietnam requires the loan principal to be repaid in quarterly installments. The loan principal to be repaid within 11 October 2021 and carries interest at 10%. The loan is secured by the mortgage of machinery, equipment and buildings.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 19. Provisions for employee benefits

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
1 January	61,922	56,345	61,695	56,326
<b>Include in profit or loss:</b>				
Current service cost	9,965	5,999	9,962	5,687
Past service cost	7,656	-	7,656	-
Interest on obligation	1,765	1,404	1,765	1,404
<b>Included in other comprehensive income:</b>				
Actuarial loss	3,849	-	3,849	-
Effect of movements in exchange rates	(16)	(104)	-	-
<b>Other</b>				
Benefits paid during the year	(295)	(1,722)	(295)	(1,722)
<b>31 December</b>	<b>84,846</b>	<b>61,922</b>	<b>84,632</b>	<b>61,695</b>

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cost of sales	13,985	3,872	13,985	3,872
Selling and administrative expenses	5,401	3,531	5,398	3,219
Total expenses recognised in profit or loss	19,386	7,403	19,383	7,091

The Company expect to pay Baht 9.58 million of long-term employee benefits during the next year (2018: Baht 5.7 million).

As at 31 December 2019, the weighted average duration of the long-term employee benefit liabilities is 13.2 years (2018: 14 years).

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated and Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Demographic assumptions	578	-
Financial assumptions	942	-
Experience adjustment	2,329	-
<b>Total</b>	<b>3,849</b>	<b>-</b>

Key actuarial assumptions used for the valuation are as follows:

	Consolidated and Separate financial statements	
	2019	2018
	<i>(% per annum)</i>	<i>(% per annum)</i>
Discount rate	2.8	3
Salary increase rate	5 - 10	5 - 10

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 is summarised below:

	Consolidated and Separate financial statements			
	2019		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	<i>(in thousand Baht)</i>			
Discount rate	(5,884)	6,800	(3,644)	4,204
Salary increase rate	7,336	(6,480)	5,656	(4,969)

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated which includes retirement at due date after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as at 31 December 2019 as well as past service cost recognised during the year then ended in the consolidated and separate financial statements increased by an amount of Baht 7.66 million and Baht 7.66 million, respectively.

#### **20. Share capital**

During 14 to 16 March 2018, the Company made an Initial Public Offering of 240 million additional ordinary shares at a price of Baht 3.84 per share and received full settlement of the additional share capital on 19 March 2018. Direct costs attributable to the share offering net of income tax, amounting to Baht 22 million, are presented as a deduction from the premium on ordinary shares in the statement of financial position. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 19 March 2018.

The Stock Exchange of Thailand (SET) has approved the listing of the ordinary shares of the Company as securities on the Stock Exchange of Thailand (SET), to be traded from 21 March 2018.

#### **21. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 22. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Changes in inventories of finished goods and work in progress	(36,489)	18,831	(39,846)	24,686
Raw materials and consumables used	163,393	331,286	163,393	331,286
Salaries and wages and other employee benefits	384,571	369,046	359,543	349,082
Depreciation and amortization	211,264	187,288	198,234	179,038
Transportation expenses	457,021	468,720	371,700	394,617
Fuel charge	682,101	485,258	682,101	485,258
Electric expenses	170,910	152,212	170,649	151,947
Other	290,286	221,147	35,581	78,065
<b>Total</b>	<b>2,323,057</b>	<b>2,233,788</b>	<b>1,941,355</b>	<b>1,993,979</b>

### 23. Income tax

Income tax benefits for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Current income tax:</b>				
Current income tax charge	-	2,503	-	2,503
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(7,820)	(11,316)	(8,743)	(14,870)
<b>Expense (Income) tax benefits reported in the statement of comprehensive income</b>	<b>(7,820)</b>	<b>(8,813)</b>	<b>(8,743)</b>	<b>(12,367)</b>

## For the year ended 31 December 2019

	Consolidated financial statements					
	Before tax	<u>2019</u> Tax benefits	Net of tax	Before tax	<u>2018</u> Tax benefits	Net of Tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(3,849)	770	(3,079)	-	-	-
<b>Total</b>	<b>(3,849)</b>	<b>770</b>	<b>(3,079)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Separate financial statements					
	Before Tax	<u>2019</u> Tax benefits	Net of tax	Before tax	<u>2018</u> Tax benefits	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(3,849)	770	(3,079)	-	-	-
<b>Total</b>	<b>(3,849)</b>	<b>770</b>	<b>(3,079)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Accounting profit before tax	(10,740)	152,457	7,942	146,668
Applicable tax rate	20 - 30%	17 - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	(2,484)	31,455	1,588	29,334
Adjustment in respect of income tax of previous year	-	-	-	-
Share of loss from investments in joint ventures	1,944	758	-	-
Deferred tax assets which were not recognised during the year	1,858	668	-	-
Effects of:				
Promotional privileges (Note 24)	(12,028)	(45,585)	(12,028)	(45,585)
Non-deductible expenses	3,261	1,082	2,580	1,060
Additional expense deductions allowed	(163)	(83)	-	(83)
Previous tax	222	-	222	-
Others	(430)	2,892	(1,105)	2,907
Total	(9,138)	(41,694)	(10,331)	(41,701)
Income tax benefits reported in the statement of comprehensive income	(7,820)	(8,813)	(8,743)	(12,367)

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	17,488	12,893	16,926	12,339
Loss carry forward	36,108	22,378	18,940	15,897
Others	4,258	1,962	1,940	-
<b>Total</b>	<b>57,854</b>	<b>37,233</b>	<b>37,806</b>	<b>28,236</b>
<b>Deferred tax liabilities</b>				
Deferred loan front-end fee	360	303	360	303
<b>Total</b>	<b>360</b>	<b>303</b>	<b>360</b>	<b>303</b>
<b>Net</b>	<b>57,494</b>	<b>36,930</b>	<b>37,446</b>	<b>27,933</b>

Movements in deferred tax balances are as follows:

	Consolidated financial statements					
	<u>(Charged) / Credited to</u>					
	At 1 January 2019	Acquired in business combination (note 5)	Profit or loss	Other comprehen sive income	Exchange differences	At 31 December 2019
	<i>(in thousand Baht)</i>					
<b>Deferred tax assets</b>						
Provision for long-term						
employee benefits	12,893	-	3,868	770	(43)	17,488
Loss carry forward	22,378	12,477	1,627	-	(374)	36,108
Others	1,962	-	2,382	-	(86)	4,258
<b>Total</b>	<b>37,233</b>	<b>12,477</b>	<b>7,877</b>	<b>770</b>	<b>(503)</b>	<b>57,854</b>
<b>Deferred tax liabilities</b>						
Deferred loan front-end fee	(303)	-	(57)	-	-	(360)
<b>Total</b>	<b>(303)</b>	<b>-</b>	<b>(57)</b>	<b>-</b>	<b>-</b>	<b>(360)</b>
<b>Net</b>	<b>36,930</b>	<b>12,477</b>	<b>7,820</b>	<b>770</b>	<b>(503)</b>	<b>57,494</b>

## For the year ended 31 December 2019

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# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	At 1 January 2019	Separate financial statements (Charged) / Credited to		At 31 December 2019
		Profit or loss	Other	
			comprehensive income	
			(in thousand Baht)	
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	12,339	3,817	770	16,926
Loss carry forward	15,897	3,043	-	18,940
Others	-	1,940	-	1,940
<b>Total</b>	<b>28,236</b>	<b>8,800</b>	<b>770</b>	<b>37,806</b>
<b>Deferred tax liabilities</b>				
Deferred loan borrowing fees	(303)	(57)	-	(360)
<b>Total</b>	<b>(303)</b>	<b>(57)</b>	<b>-</b>	<b>(360)</b>
<b>Net</b>	<b>27,933</b>	<b>8,743</b>	<b>770</b>	<b>37,446</b>

	At 1 January 2018	Separate financial statements (Charged) / Credited to		At 31 December 2018
		Profit or loss	Other	
			comprehensive income	
			(in thousand Baht)	
<b>Deferred tax assets</b>				
Provision for long-term employee benefit	11,265	1,074	-	12,339
Loss carry forward	2,055	13,842	-	15,897
Others	394	(394)	-	-
<b>Total</b>	<b>13,714</b>	<b>14,522</b>	<b>-</b>	<b>28,236</b>
<b>Deferred tax liabilities</b>				
Deferred loan borrowing fees	(651)	348	-	(303)
<b>Total</b>	<b>(651)</b>	<b>348</b>	<b>-</b>	<b>(303)</b>
<b>Net</b>	<b>13,063</b>	<b>14,870</b>	<b>-</b>	<b>27,933</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

The tax losses expire from 2019. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.

As at 31 December 2019, the subsidiaries have deductible unused tax losses totaling Baht 12 million (2018: Baht 11 million), on which future deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses in separate financial statements and consolidated financial statements is Baht 96 million and Baht 192 million respectively which expired by from 2020 to 2024.

#### 24. Promotional privileges

The Company has received investment promotional privileges from the Board of Investment (BOI) for the manufacture of chemical for industrial use. Subject to certain conditions, the significant tax privileges received are as follows:

Details of promotion privileges					
1. Certificate No.	2484(2)/ 2554	1498(2)/ 2558	59-1064- 1-00-1-0	59-1065- 1-00-1-0	59-1278- 1-00-1-0
2. The significant privileges are					
2.1 Exemption of corporate income tax for net profit from promoted operation and exemption of income tax on dividends paid from the profit of the promoted operations. In case that there are losses incurred during the corporate income tax exemption period, the Company is allowed to utilise the losses as a deduction against the net earnings of future years after the expiry of the tax exemption period, but with a time limit of five years after that period.	8 years	6 years	3 years	3 years	3 years

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

Details of promotion privileges					
2.2 A fifty percent reduction of the normal rate of corporate income tax on net profit from promoted operations for a period of five years after the expiration of the above corporate income tax exemption period.	Granted	Granted	Non-granted	Non-granted	Non-granted
3. Date of first earning operating income	15 February 2013	2 September 2016	20 January 2018	1 February 2019	Not yet operate

The Company's operating revenues for the years divided according to promoted and non-promoted operations are shown below.

	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Sales						
Domestic sales	612,492	623,387	348,935	335,564	961,427	958,951
Export sales	484,059	423,370	553,572	798,420	1,037,631	1,221,790
Total sales	<u>1,096,551</u>	<u>1,046,757</u>	<u>902,507</u>	<u>1,133,984</u>	<u>1,999,058</u>	<u>2,180,741</u>

## 25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Earnings per share</b>				
Profit for the year (Thousand Baht)	809	162,628	16,686	159,035
Weighted average number of ordinary shares (Thousand shares)	960,000	909,370	960,000	909,370
Profit attributable to equity holders of the Company (Baht per share)	0.0008	0.1788	0.0174	0.1749

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 26. Dividends

Dividends	Approved by	Dividends paid (Million Baht)	Dividend per share (Baht)
Interim dividends for the earning of the promoted operation from 1 January 2018 to 30 June 2018	Board of Directors' meeting on 7 August 2018	48.0	0.05
Total dividend for 2018		48.0	
Dividends for the earning of the promoted operation from 1 July 2018 to 31 December 2018	Annual general meeting on 26 April 2019	48.0	0.05
Interim dividends for the earning of the promoted operation from 1 January 2019 to 30 June 2019	Board of Directors' meeting on 13 August 2019	19.2	0.02
Total dividend for 2019		67.2	

### 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Group are principally engaged in one operating segment which is the manufacture and distribution of mineral and chemicals.

Major customers information

## **Chememan Public Company Limited and its subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

For the year 2019, the Group have revenue from one major customer in amount of Baht 334 million, arising from the company which is incorporated in Thailand. (2018: the Group have revenue from one major customer with revenue in the amount of Baht 348 million which are from domestic sale).

#### **Geographic information**

The Group's business operations involve 2 geographic segments: (1) the Company which is incorporated in Thailand, manufacture and distribution of mineral and chemicals. (2) the subsidiaries which is incorporated in overseas, manufacture and distributes of mineral and chemicals. The major revenue of overseas subsidiaries is from Australia. Therefore financial information by segment of the Group has been presented by geographic area, as follows:

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>							
Revenue from external customers	1,714	1,843	658	580	-	-	2,372	2,423
Intersegment revenue	285	338	17	-	(302)	(338)	-	-
Total revenue	1,999	2,181	675	580	(302)	(338)	2,372	2,423
Segment operating profit / (loss)	649	696	122	126	(3)	(1)	768	821
Unallocated income and expenses:								
Other income							26	22
Selling and distribution expenses							(520)	(458)
Administrative expenses							(199)	(173)
Gain (Loss) from exchange rate							(24)	2
Loss from investments in joint ventures							(10)	(4)
Finance cost							(52)	(58)
Income tax benefits							8	9
<b>Profit (Loss) for the period</b>							<b>(3)</b>	<b>161</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>							
Property, plant and equipment	2,649	2,526	941	24	-	-	3,590	2,550
Unallocated assets							2,012	1,274
Total assets							5,602	3,824

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5, 10 and 15 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to Baht 10.2 million (2018: Baht 9.7 million) were recognised as expenses.

### 29. Commitments and contingent liabilities

#### 29.1 Capital commitments

- 1) The Group had capital commitments relating to the construction of plant and acquisition of machinery and equipment are as follow:

Currency	Consolidated and Separate financial statements	
	2019	2018
Million Baht	86.4	106.0
Million EUR	-	0.3

#### 29.2 Operating lease and service commitments

- 1) The Group have entered into lease agreements in respect of the lease of office building space and other service agreements. Future minimum rentals and service fees payable under these agreements are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in million Baht)</i>				
Payable:				
In up to 1 year	37.1	30.8	32.6	26.5
In over 1 and up to 5 years	15.7	20.0	11.2	19.8

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

- 2) The Company has entered into marketing service agreements with Chememan India Private Limited whereby the Company is committed to pay service fee amounting USD 25,000 per quarter in the year 2020. The term of the agreements can be extended with the manual agreements of the parties.
- 3) The subsidiary entered into agreements with an overseas government agency which granted the subsidiary rights to explore for mineral resources. The subsidiary is committed to pay expenses and contributions to various funds on the bases and at the rates stipulated in the agreements. In addition, the subsidiary must comply with the rules and conditions stipulated in such agreements.
- 4) The Company entered into agreements with the third party to do those mining activities as explosion, sorting, crushing and scooping the stones, the Company has the obligation to pay the yearly service fee amounting Baht 55 million in the year 2020. The term of the agreements can be extended with the manual agreements of the parties.
- 5) The indirect subsidiary, entered into agreements with a non related local company to do those mining activities as explosion, sorting, crushing and scooping the stones, the Company has the obligation to pay the yearly service fee amounting Baht 36 million per year as specified in the agreement. The agreements will be expired in 2028.

### 29.3 Guarantees

- (1) As at 31 December 2019 and 2018, the Group have outstanding bank guarantees in respect of certain performance as required in the normal course of business as follows.

	Currency	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Guarantee tax refund	Million Baht	1.0	1.0	1.0	1.0
Guarantee electricity use	Million Baht	14.9	15.7	13.4	15.7
Guarantee performance and others	Million Baht	21.2	10.3	20.3	10.3
Guarantee land lease agreement	Thousand AUD	-	22	-	-

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

### **For the year ended 31 December 2019**

As at 31 December 2019, Chememan India Private Limited, a wholly owned subsidiary incorporated in India and held by the Company 99.99%, holds restricted bank deposits to Guarantee loan agreement for Siriman Chemicals India Private Limited, a joint venture in India amounting to INR 100 million or equivalent to Baht 42.20 million.

#### **29.4 Other commitments**

- 1) As at 31 December 2019, the Company had commitment amounting to INR 5.46 million (31 December 2018: INR 6.4 million) in respect of the uncalled portion of investments in subsidiary and joint venture in India.
- 2) The Company has entered into a long-term agreement with a local company for purchase of gas at prices and in quantity stipulated in the agreement. The agreement will expire in 2029.
- 3) The Company and the indirect subsidiary are committed to make contributions to the funds on the bases and at the rates stipulated in an appendix to the concession agreements. In addition, the Company and the indirect subsidiary must comply with the rules and conditions stipulated in the concession agreements.

#### **30. Financial instruments**

##### **30.1 Financial risk management**

The Group' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, accounts receivable under installment sales, loans to related parties, short-term loans from financial institutions, trade and other payables, liabilities under finance lease agreements and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

##### **Credit risk**

The Group are exposed to credit risk primarily with respect to trade and other receivables, accounts receivable under installment sales and loans to related parties. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group do not have high concentrations of credit risk since they have large customers base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, accounts receivable under installment sales and loans to related parties as stated in the statement of financial position.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Interest rate risk

The Group' exposure to interest rate risk relates primarily to its cash at banks, accounts receivable under installment sales, loans to related parties, short-term loan from financial institutions, liabilities under finance lease agreements and long-term borrowings. Most of the Group' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements						
	As at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
							(% per annum)
<i>(in million Baht)</i>							
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	215	-	215	0.04 - 0.50
Trade and other receivables	-	-	-	-	518	518	-
Accounts receivable under installment sales	5	35	5	-	-	45	4.38
Total	5	35	5	215	518	778	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	648	-	-	-	-	648	2.00 - 8.00
Trade and other payables	-	-	-	-	545	545	-
Liabilities under financial lease agreement	20	37	-	-	-	57	2.54 - 8.50
Long-term loans	191	138	-	1,593	-	1,922	3.00 - 10.0
Total	859	175	-	1,593	545	3,172	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

Consolidated financial statements							
As at 31 December 2018							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years <i>(in million Baht)</i>				
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	126	-	126	0.04 - 6.75
Trade and other receivables	-	-	-	-	412	412	-
Accounts receivable under installment sales	5	29	15	-	-	49	4.65
<b>Total</b>	<b>5</b>	<b>29</b>	<b>15</b>	<b>126</b>	<b>412</b>	<b>587</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	155	-	-	-	-	155	2.80 - 2.95
Trade and other payables	-	-	-	-	324	324	-
Liabilities under financial lease agreement	22	43	-	-	-	65	2.54 - 8.50
Long-term loans	-	-	-	943	-	943	3.25
<b>Total</b>	<b>177</b>	<b>43</b>	<b>-</b>	<b>943</b>	<b>324</b>	<b>1,487</b>	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

Separate financial statements											
As at 31 December 2019											
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)				
	Within 1 year	1-5 years	Over 5 years								
(in million Baht)											
<b>Financial assets</b>											
Cash and cash equivalent	-	-	-	73	-	73	0.04 - 0.50				
Trade and other receivables	-	-	-	-	393	393	-				
Accounts receivable under installment sales	5	35	5	-	-	45	4.38				
Loans to related parties	-	-	-	213	-	213	6.25 - 6.40				
Total	5	35	5	286	393	724					
<b>Financial liabilities</b>											
Short-term loans from financial institutions	550	-	-	-	-	550	2.00 - 2.10				
Trade and other payables	-	-	-	-	243	243	-				
Liabilities under financial lease agreement	20	36	-	-	-	56	2.54 – 5.00				
Long-term loans	-	-	-	1,593	-	1,593	3.00 - 3.06				
Total	570	36	-	1,593	243	2,442					

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

Separate financial statements							
As at 31 December 2018							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	(in million Baht)						
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	84	-	84	0.04 - 0.50
Trade and other receivables	-	-	-	-	419	419	-
Accounts receivable under installment sales	5	29	15	-	-	49	4.65
Loans to related parties	-	-	-	4	-	4	6.25
<b>Total</b>	<b>5</b>	<b>29</b>	<b>15</b>	<b>88</b>	<b>419</b>	<b>556</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	155	-	-	-	-	155	2.80 - 2.95
Trade and other payables	-	-	-	-	300	300	-
Liabilities under financial lease agreement	22	42	-	-	-	64	2.54 - 5.00
Long-term loans	-	-	-	943	-	943	3.25
<b>Total</b>	<b>177</b>	<b>42</b>	<b>-</b>	<b>943</b>	<b>300</b>	<b>1,462</b>	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

### Foreign currency risk

The Group' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(in million)				(in Baht per 1 foreign currency unit)	
USD	8.5	6.2	6.5	-	30.1540	32.4036
AUD	-	-	-	-	21.0492	22.8023
JPY	5.9	2.9	-	-	0.2759	0.2926
INR	-	0.1	-	-	0.4220	0.4597

  

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(in million)				(in Baht per 1 foreign currency unit)	
USD	13.0	6.1	0.1	0.1	30.1540	32.4036
AUD	4.8	4.3	-	-	21.0492	22.8023
JPY	5.9	2.9	-	-	0.2759	0.2926
INR	-	0.1	-	-	0.4220	0.4597

As at 31 December 2018, foreign exchange contract outstanding are summarised below.

Consolidated and Separate financial statements					
			<u>Contractual exchange rate</u>		Contractual
<u>Foreign currency</u>	<u>Bought amount</u>	<u>Sold amount</u>	<u>Bought</u>	<u>Sold</u>	<u>maturity date</u>
	(in Million)		(Baht per 1 foreign currency unit)		
Euro	0.2	-	37.3050		30 January 2019

# **Chememan Public Company Limited and its subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2019**

### **30.2 Fair values of financial instruments**

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

### **31. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.55:1 (2018: 0.72:1) and the Company's was 1.16:1 (2018: 0.69:1).

### **32. Events after the reporting period**

On 21 January 2020, Company made an additional investment in 75,000 ordinary shares from an increase in share capital of Easternbulk Lime Products Private Limited, at a price of INR 200 per share, totaling INR 15 million or equivalent to Baht 6.38 million. The company still had 50% interest in such company

On 19 February 2020, The judgement is to acquit the company ("1st Defendant") for the judgement that the Company is a co-defendant ("1st Defendant") in a case of the Civil Court, together with the unrelated company ("2nd Defendant") to pay for rental of semi-trailer to plaintiff amounting to Baht 5.6 million.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 29 February 2020.