

Form 56-2



ANNUAL REPORT

For the year ended 31 December 2017

CHEMEMAN PUBLIC COMPANY LIMITED

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Company Information

1. General Information

Company Name (Thai):	บริษัท เคมีแมน จำกัด (มหาชน)
Company Name (English):	Chememan Public Company Limited
Business:	Production and distribution of mineral lime and lime derivative chemical products
Company Registration Number:	0107560000346
Bangkok Office:	195/11-12 Lake Rajada Office Complex 2 10 th -11 th Floor, Ratchadapisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok 10110 Phone: 0-2661-9734 – 8 Fax: 0-2260-9176 Website: www.chememan.com
Branch 1: Phra Phutthabat Plant	33/1 Village No. 11, Nongkontee-Huaysanjao Road, Huaypawai Sub-district, Phra Phutthabat District, Saraburi 18120 Phone: 036-200-340 – 1 Fax: 036-200-342
Branch 2: Thap Kwang Quarry	71 Village No. 10, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi
Branch 3: Kaeng Khoi Plant	111 Village No. 10, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Fax: 036-670 - 710
Branch 4: Rayong Plant	7/371 Village No. 6, Map Yang Phon Sub-district Pluak Daeng District, Rayong 21140 Phone: 038-913-683 – 4 Fax: 038-913-685

Registered Capital: 1,000,000,000 Baht (One billion Baht), consisting of 1,000 million ordinary shares at par value of one Baht per share.

Issued and Paid-up Capital: As of 31 December 2017, 720,000,000 Baht (Seven hundred twenty million Baht), consisting of 720 million ordinary shares at par value of one Baht per share.

The Company increased its paid-up capital by 240 million shares through an Initial Public Offering undertaken from 14 to 16 March 2018, raising its paid-up capital to 960,000,000 Baht (Nine hundred twenty million Baht), consisting of 960 million ordinary shares at par value of one Baht per share.

Restriction on Share Transfer: Transfer of ownership in the Company's ordinary shares is prohibited if it results in foreign ownership of the Company exceeding 49 percent of total ordinary shares.

2. Share Registrar:

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Phone: 0-2099-9999
Fax: 0-2009-9991

3. Auditor:

Miss Thipawan Nananuwat, Certified Public Accountant (Thailand)
No. 3459 or
Mr. Termphong Opanaphan, Certified Public Accountant (Thailand)
No. 5238 or
Mrs. Poonnard Paocharoen, Certified Public Accountant (CPA),
registration no. 5238
EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Ratchadapisek Road, Khlong Toey, Bangkok 10110
Phone: 0-2264-9090
Fax: 0-2264-0789 - 90

4. Legal Advisor:

Legal Advisory Council Limited
444 Olympia Thai Tower, Rajadapisek Road, Samsennork,
Huaykwang, Bangkok 10310
Phone: 0-2512-5938

Business Overview and Company Policy

Business Overview

Chememan Public Company Limited (“Company”) and its subsidiaries (collectively referred to as “Group of Companies”) engages in the production and distribution of quicklime (technical term is “calcium oxide”), hydrated lime (calcium hydroxide), limestone and grinded limestone (calcium carbonate). The Company’s lime production capacity is approximately 800,000 tons per year, with customer bases in various industries in Asia, Australia and Africa.

The Company is the only quicklime and hydrated lime (“lime”) producer in Thailand that has a lime production plant and a concession for industrial mining of limestone (for cement industry and lime production) in Thap Kwang sub-district, Kaeng Khoi district, Saraburi province. The concession is for 25 years and will expire on 23 June 2040. Therefore, the Company has its own source of quality limestone for lime production. The Company has three lime plants: 1. Kaeng Khoi Plant, located in Kaeng Koi district, Saraburi province, 2. Phra Phutthabat Plant, located in Phra Phutthabat district, Saraburi province and 3. Rayong Plant, located in Pluak Daeng district, Rayong province.

The Group of Companies has grown into one of leading producers of lime and lime derivative chemical products industry in Thailand and throughout the Asian region. This is through being able to fulfill customers’ requirements, having quality products made of raw materials with excellent quality, having efficient production and management, and having experienced and expert personnel in the lime industry.

Company Vision

The Group of Companies aims to be one of the top ten world leaders in the industry of lime and lime derivative chemical products by conducting business with good governance that provides long-term sustainability for all concerned parties.

Company Mission

- Create growth to the country’s economy through conducting business with good governance.
- Use natural resources wisely and productively to achieve long-term sustainability.

- Build customer satisfaction and bonding relationships by providing products and service that meet the requirements of each industry through the use of modern technology, and innovation from a professional team.
- Conduct business with safety and environmental management that adheres to international standards; be involved with improving quality of life; create a friendly environment for the community.
- Support employees' skill and professionalism development.

Business Goals

From the above vision and mission, the Company has three main business goals:

- 1) Become a world leader in the lime industry.
- 2) Continue profitability.
- 3) Maintain sustainable development.

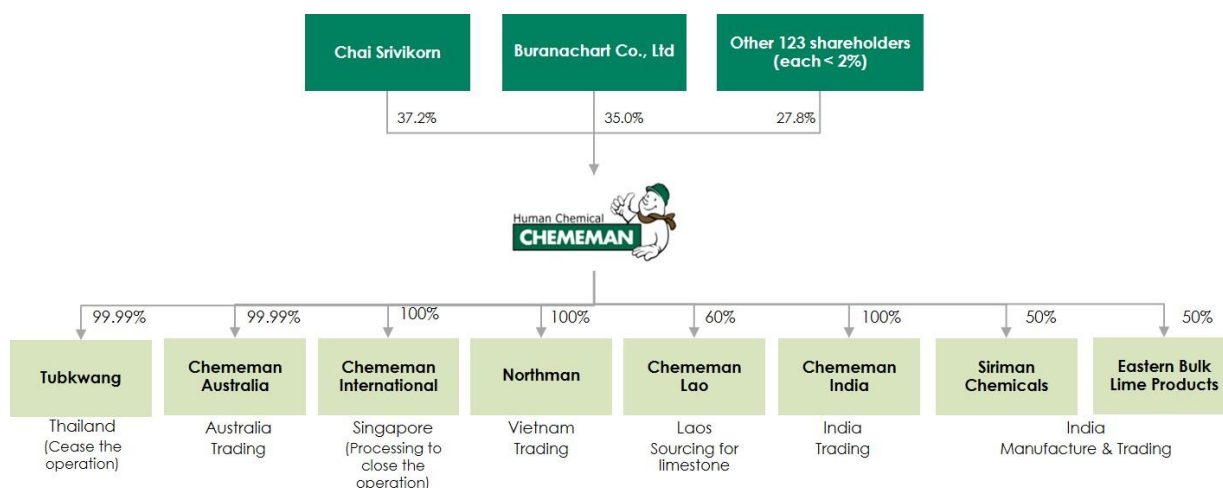
Important Changes and Developments

Summary of important changes and developments of the Group of Companies in the past three years is as follows:

	Details
2015	<ul style="list-style-type: none"> - Formed a joint venture, Chememan Lao Company Limited, to produce and sell limestone and lime, by holding a 60% share in the company. - Received new concession for industrial mining of limestone on the same property, Thap Kwang Quarry, located at Thap Kwang sub-district, Kaeng Khoi district, Saraburi province, for 25 years, ending in 2040.
2016	<ul style="list-style-type: none"> - Increased production to 182,500 tons per year at Kaeng Khoi Plant by installing two kilns (KK3 and KK5), that started operations in the third quarter of 2016. - Set up Chememan India Private Limited to conduct market research and build customer base in India. - Formed a Joint Venture, Siriman Chemicals India Private Limited, to construct a production plant and sell limestone and lime at Visakhapatnam, India, by holding a 50% share in the company.

	Details
2017	<ul style="list-style-type: none">- Co-invested in setting up Easternbulk Lime Products Private Limited, to build a production plant and sell limestone and lime at Tuticorin, India, by holding 50% shares in the company.- Transformed into a public company on 10 August 2017.- Increased production capacity to 109,500 tons per year at Kaeng Khoi Plant by installing an additional quicklime kiln (KK6) making the total number of quicklime kilns in Kaeng Khoi Plant to five with combined production capacity of 456,250 tons per year. It commenced commercial operations of KK6 kiln in January 2018.
2018	<ul style="list-style-type: none">- Undertook an Initial Public Offering of 240,000,000 newly-issued ordinary shares from 14 to 16 March 2018, raising the Company's paid-up capital to Baht 960 million, consisting of 960 million ordinary shares at par value of Baht 1 per share.- Ordinary shares of the Company were listed on the Stock Exchange of Thailand on 21 March 2018.

Shareholding Structure of Group of Companies as of 31 December 2017



	Company	Country	Paid-up Capital ¹ (Million Baht)	Holding (percent)	Year of Establishment	Business
1	Thap Kwang Co., Ltd.	Thailand	1.88	99.99	2004	Ceased operations
2	Chememan Australia	Australia	95.67	99.99	2008	Sell limestone and lime
3	Chememan International	Singapore	9.24	100.00	2010	In process of liquidation
4	Northman	Vietnam	3.72	100.00	2010	Source raw materials, conduct market research, and build customer base in Vietnam, including evaluating the quality of products found in Vietnam
5	Chememan Lao	Lao	10.74	60.00	2015 ²	Produce and sell limestone and lime
6	Chememan India	India	8.83	99.99	2016	Conduct market research and build customer base in India
7	Siriman Chemicals	India	0.03	50.00	2016 ²	Produce and sell limestone and lime
8	Easternbulk Lime Products	India	15.06	50.00	2017 ²	Produce and sell limestone and lime

Note: ¹ Data as of 31 December 2017

² Year that Company entered into Joint Venture Agreement

Business Scope

In 2017, the main business strategy of Chememan Public Company Limited was (1) having a customer base in various industries in order to lower risk of customer concentration, (2) working with customers to develop and deliver products according to customers' requirements which would enable customers to increase their productivity, decrease costs, and lower impact on the environment, (3) increasing local and foreign production base in order to expand customer base and gain customer confidence, especially major customers, in the Company's production and delivery capability. The Company's quicklime production increased from the quicklime kilns at Kaeng Khoi Plant that started operations in the third quarter Q3 of 2016 (KK3 and KK5 kilns). Its continued production throughout 2017 enabled the Company to increase quicklime production and expand its customer base to include construction materials customers. In 2017, the Company built another quicklime kiln with production capacity of 100,000 tons per year (KK6 kiln), that started operating in January 2018. The Company also invested in increasing the production capacity of limestone at Thap Kwang quarry mineral dressing plant from two million tons per year to three million tons per year to accommodate the increase in quicklime production, which will be completed by the second quarter of 2018. For lime production in foreign countries, the Company invested in Easternbulk Lime Products Private Limited, located in an industrial zone in Tuticorin city, India, to be base for production and sales of limestone and lime for customers in India where there is high demand in lime products. Commercial operations is expected to start in 2019.

As for operating performance of 2017, the Company's sales revenue increased by 11.93% compared to 2016. Domestic and foreign sales of lime increased by 20.4% compared to the prior year. However, the Company's operating results decreased from 2016 due to increase in ocean freight costs, personnel costs from preparing for business expansion, and higher interest costs from loans for financing investments in various projects. Revenue from sales was Baht 2,198 million of which 58.8% came from foreign sales. Total revenue was Baht 2,215 million and net profit was Baht 109 million.

In 2017, the Company prepared to raise funds by issuing ordinary shares of the Company through an Initial Public Offering (IPO), and to list the ordinary shares of the Company on the Stock Exchange of Thailand. The Company was transformed into a public company on 10 August 2017, and filed an application to undertake an IPO of newly-issued ordinary shares of the Company with the Office of the Securities and Exchange Commission (SEC). The Company received approval from the SEC in October 2017, and undertook an IPO of 240,000,000 newly-issued ordinary shares of the Company from 14 to 16 March 2018. The shares were listed on the Stock Exchange of Thailand on 21 March 2018.

Breakdown of the Company's revenues by types of products sold is as follows:

	2015		2016		2017	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
1) Sales of Quicklime	1,414.29	73.26	1,352.81	67.81	1,604.97	72.45
Domestic	553.39	28.67	592.25	29.69	642.08	28.98
Foreign	860.9	44.6	760.56	38.13	962.89	43.47
2) Sales of Hydrated Lime	242.09	12.54	360.73	18.09	376.56	17.00
Domestic	41.44	2.15	86.99	4.36	78.9	3.56
Foreign	200.65	10.39	273.74	13.72	297.66	13.44
3) Sales of Limestone and Grinded Limestone	253.00	13.11	250.34	12.55	216.6	9.78
Domestic	180.69	9.36	162.64	8.15	185.1	8.36
Foreign	72.31	3.75	87.70	4.40	31.5	1.42
4) Total sales	1,909.38	98.91	1,963.88	98.45	2,198.12	99.23
5) Other Income	21.07	1.09	30.99	1.55	17.11	0.77
6) Total revenues	1,930.45	100.00	1,994.86	100.00	2,215.23	100.00

In 2017, sales of quicklime, hydrated lime and limestone and grinded limestone accounted for 72.45%, 17.00% and 9.78% of total revenues, respectively. Other income comprising sales of by-products, e.g. crushed rocks soil aggregate, dust stones, etc. accounted for 0.77% of total revenues.

Product Characteristics

The Company produces and sells quicklime or calcium oxide (CaO), hydrated lime or calcium hydroxide (Ca(OH)₂) and limestone and grinded limestone or calcium carbonate (CaCO₃), under the trademark of "CHEMEMAN".



Trademark of "CHEMEMAN"

Quicklime



Quicklime

Quicklime or calcium oxide, of which chemical formula is CaO , is produced from limestone from mining process, and made by heating the limestone until it decomposes. Its physical appearance is solid, white, and has different sizes according to the customers' requirements from different industries.

Hydrated Lime



Hydrated Lime

Hydrated Lime or calcium hydroxide, of which chemical formula is $\text{Ca}(\text{OH})_2$, is produced by mixing quicklime and water in proper proportions and processed through a Hydrator. Its physical appearance is fine powder similar to flour.

Limestone and Grinded Limestone



Limestone

Limestone or calcium carbonate, of which chemical formula is CaCO_3 , is a product of opencast mining process at Thap Kwang Quarry. Its physical appearance varies.

The three products are important basic chemical derivative products used as raw materials or part of production process in the following industries:

Industry	Product			Product Usage
	Quicklime	Hydrated Lime	Limestone and Grinded Limestone	
1. Metal and Non-metal Industries	✓	✓		<ul style="list-style-type: none"> Adjust acidity of waste water and used as a chemical in mineral dressing.
2. Pulp and Paper Industries	✓		✓	<ul style="list-style-type: none"> Chemical in recovery process of pulp production Used for mineral dressing for paper production Raw material used to make Precipitated Calcium Carbonate (PCC)
3. Sugar Industry	✓	✓		<ul style="list-style-type: none"> Remove impurities from raw sugar and sugar.
4. Bioplastic Industry		✓		<ul style="list-style-type: none"> Component in sugar or tapioca process of which both are basic ingredients in making bioplastic
5. Steel Industry	✓		✓	<ul style="list-style-type: none"> Remove minerals or impurities in a process of smelting metals, and production of high quality steel that uses a furnace.
6. Chemical and Petrochemical Industry	✓	✓	✓	<ul style="list-style-type: none"> Ingredient in basic chemical process, such as soda ash and calcium carbonate
7. Agricultural Industry	✓	✓	✓	<ul style="list-style-type: none"> Improve soil quality, adjust soil acidity Neutralize acidity of shrimp farms Added to increase calcium in animal feed
8. Basic Infrastructure Industry	✓	✓	✓	<ul style="list-style-type: none"> Expel sulfur dioxide gas that arises from electric power and waste incineration plants Aid in the silting of sediments, and remove or lessen the hard water to produce clear water

Industry	Product			Product Usage
	Quicklime	Hydrated Lime	Limestone and Grinded Limestone	
9. Construction and Construction Materials Industries	✓	✓	✓	<ul style="list-style-type: none"> ▪ Used as raw material in making cement, bricks and other construction materials. ▪ Used as ingredient to increase the characteristics of plaster ▪ Adjust land construction site
10. Glass, Bottles and Mirror Industries			✓	<ul style="list-style-type: none"> ▪ Remove minerals or impurities in glass, bottles and mirror production.
11. Fiber Glass Industry	✓			<ul style="list-style-type: none"> ▪ Is part of production process.

Marketing and Competition

Competition Strategies

Delivery of Products According to Customers' Requirements

The Company's policy is to deliver products according to customers' requirements using internationally-accepted production technology from experts, including working with customers to fully understand important characteristics of products appropriate for customers in each industry. It also has a quality control system throughout the production process, from quality of raw materials, quality check during production process, to delivery of products. The Company also provides customers assistance supplement to sales of lime products, e.g. design and construct silos for storing the lime on customer's plant site which helps reduce customer's cost, increase transportation efficiency and enable the Company to be part of the customer's supply chain.

Efficient Management of Production Cost

The Company gives emphasis on cost management and has advantages in terms of cost of main raw material and consistency of raw material quality. The Company has production capacity that can support big-scale volumes, and has land bank for constructing new plants, which enables the Company to further expand production capacity resulting in savings from economies of scale that lowers the unit cost of production.

Create Satisfaction and Good and New Experiences for Customers

The Company has a policy to maintain good customer relations and give customer confidence to the Company's capability to deliver products according to customer's requirements and on time. This is done through jointly planning delivery process with customers, analyzing customer's ordering behavior and customer's requirements. The Company also emphasizes sharing product knowledge for efficient use of products by the customers.

Customer Characteristics and Target Customer

The Company's customers are from various industries which mainly include metal and non-metal, pulp and paper and sugar. Major sales are from major large customers with long-term contracts. These customers require certainty and reliability in product delivery. For domestic market, the Company stresses building a strong customer base to expand to different growing major industries of the country, or those that received government support. For international markets that have no supply of good quality limestone, the Company stresses exporting products from complete sources, or setting up a subsidiary or joint venture in that country market to be the center in distributing products in that market. For international markets that have high quality limestone, the Company invests or has joint-ventures with that their local company to set up production and sales lime base in such market.

Distribution and Distribution Outlets

The Company sells directly to domestic and foreign customers where it does not have a subsidiary or joint venture present. If a subsidiary or joint venture is present in a foreign country, the Company distributes its products through its subsidiaries and joint ventures.

Domestically, the Company usually delivers products from its plant to customers and the customers pay for the transportation cost. Internationally, product distribution is made both directly from Thailand and through its subsidiaries and joint-ventures that who act as distribution center. The Company will plan for appropriate logistics in terms of cost and duration.

Sales Proportions and Sales by Country of Destination

In 2017, domestic and foreign sales accounted for 41.2% and 58.8% of total sales revenue, respectively. Sales quantity of the products were as follows:

Sales Quantity (Unit: thousand tons)	2015	2016	2017
Domestic sales of quicklime	195.29	226.25	241.85
Foreign sales of quicklime	164.17	160.68	240.31
Total sales of quicklime	359.46	386.93	482.16
Domestic sales of hydrated lime	12.28	28.03	24.56
Foreign sales of hydrated lime	39.80	60.01	65.10
Total sales of hydrated lime	52.08	88.04	89.66
Domestic sales of limestone and grinded limestone	632.02	447.31	482.55
Foreign sales of limestone and grinded limestone	116.59	161.31	84.14
Total sales of limestone and grinded limestone	748.62	608.62	566.69

In 2017, major export markets of the Company's quicklime were Papua New Guinea, Australia, India, Laos and Indonesia. Quicklime exports to the above countries accounted for 92.9% of total quicklime export volumes. Major export markets of the Company's hydrated lime were Laos, the Philippines and Australia, accounted for 95.1% of total hydrated lime export volumes. From 2015 to 2017, the Company's sales to any customer was not over 30% of its total revenues per year.

Competition

Domestic Competition and Future Trends

In 2017, demand for high quality lime increased, while overall total demand for lime increased only slightly. However, the future trend of domestic lime demand is growing, in line with the growth of major industries in the country that use lime, including pulp and paper, sugar, construction and construction materials, and steel industries.

Competition in the domestic lime market is among local producers as lime is a bulky product and so transportation cost is an important competition factor and a barrier for foreign companies. Major domestic commercial lime producers include: Chememan Public Company Limited, Suthakan Public Company Limited, Lime Master Company Limited and United Lime Company Limited. The largest lime producer in Thailand and Asia is Chememan Public Company Limited, with total quicklime and hydrated lime production of about 800,000 tons per year. The Company has a limestone quarry that has ultra-high calcium limestone (ultra-high calcium limestone is limestone with calcium carbonate content higher than 97.5%). While other domestic lime producers use lime from their subsidiaries and other sources with limestone concessions. In 2017, the Company had the largest quicklime and hydrated lime market share in Thailand of 33%.

Foreign Competition and Future Trends

Foreign competitors of the Company include Vietnam, Malaysia, Indonesia and Australia. In 2017, there was fierce competition among the targeted countries due to customers' demand of lower costs, and higher lime supply from international lime producers or local producers with production base in the same region as customers. With the Company's strategy of developing product quality and customer satisfaction, and providing customer confidence for product delivery capability, the Company's foreign sales in 2017 increased, however. Long-term trend of lime demand in targeted foreign countries is expected to increase in construction, steel, and pulp and paper industries.

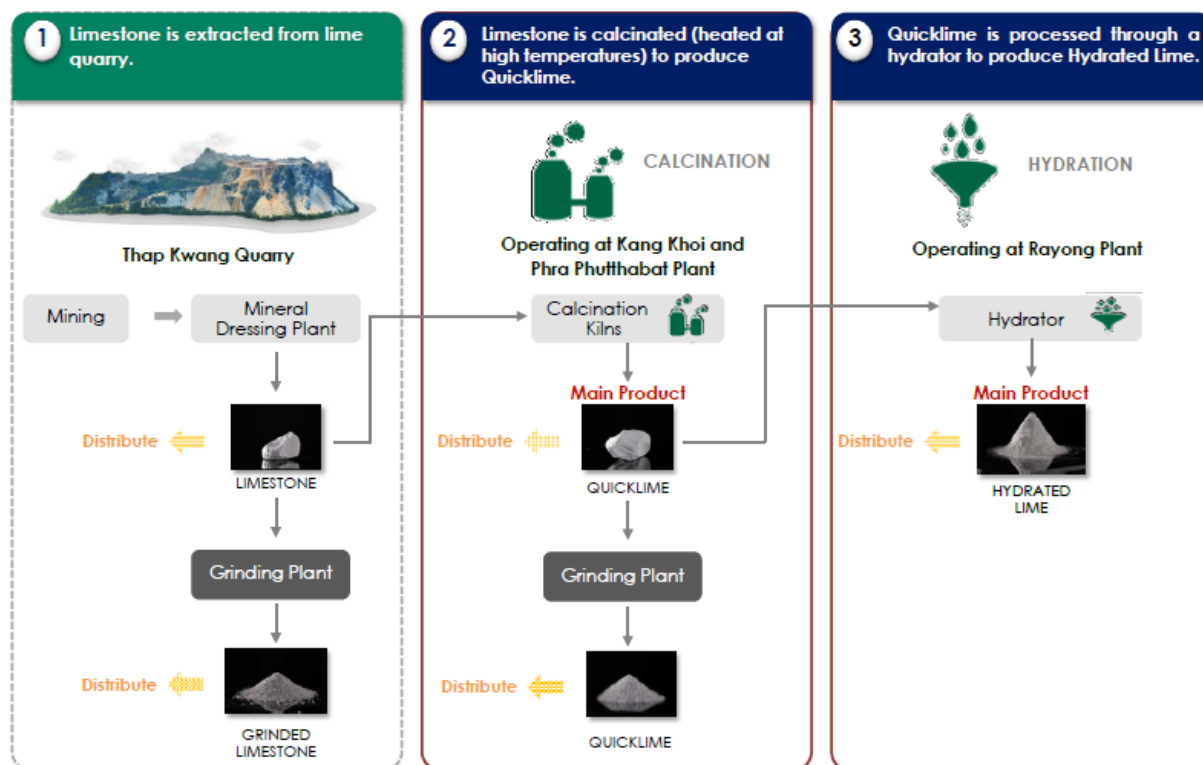
Standing and Competitiveness Potential

The Company is highly competitive due to having its own lime plants and raw material from high quality limestone quarry. This enables the Company to produce various products of quality according to customers' requirements.

The Company benefits from economy of scale due to its large production base. It also builds customer confidence in the Company's capability to fulfill large orders. The Company gives importance to service and cooperates with the customers to support efficiency in their work which results in customer satisfaction and trust in doing business with the Company in the long term.

Product Sourcing

Production Process



The Company's lime manufacturing process comprises 3 steps as follows:

- 1) Mining to produce limestone and grinded limestone.
- 2) Producing quicklime.
- 3) Producing hydrated lime.

Mining to Produce Limestone and Grinded Limestone

The mining process starts with drilling to explore the quantity and quality of limestone to use as data for mining design. This is to ensure that the limestone's quality is as required. The limestone is then brought to the mineral dressing plant to select proper sizes for the quicklime production process. Limestone of which size is not proper for the quicklime production will be screened, crushed and sold. A portion of the limestone from the Company's

mineral dressing plant is sold to customers, and some portions are grinded to increase its value and sold as grinded limestone. Summary of quantity of limestone produced at Thap Kwang quarry is as follows:

Quantity (Unit: tons)	Year 2015	Year 2016	Year 2017
Limestone produced from Thap Kwang quarry	1,774,140	1,706,620	1,752,354
Limestone used for grinded limestone and quicklime production	1,049,730	1,059,966	622,806
Limestone waiting to be sold or to enter production process	724,410	646,654	1,129,548

Production Process of Quicklime or Calcium Oxide (CaO)

Limestone that has been screened for proper size from the mineral dressing plant is sent to the quicklime plant, and goes through another size screening process to ensure that it is proper size for calcination process to produce quicklime. Limestone of 1.8 is used to produce about 1 ton of limestone. A portion of the produced quicklime is sent to the Company's Rayong Plant for production of hydrated lime. The remaining portion is kept in a silo for sales. If the customer requires different sizes of quicklime, the quicklime will be grinded and screened according to size for further distribution. There is a quality control process of the quicklime, from after it leaves the kiln, before it is stored in the silo, and before it is sold.

The Company has two domestic quicklime plants as follows:

1) Phra Phutthabat Plant, located in Phra Phutthabat district in Saraburi province



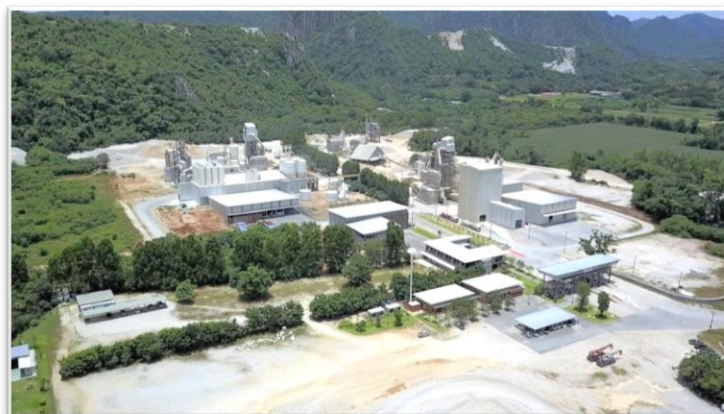
Phra Phutthabat Plant

Phra Phutthabat Plant consists of two quicklime kilns that uses natural gas as fuel, with total production capacity of approximate 365,000 tons per year. Capacity utilization of Phra Phutthabat Plant is as follows:

Phra Phutthabat Plant		Year 2015	Year 2016	Year 2017
Quicklime PB1 Kiln				
Production capacity	(tons)	182,500	182,500	182,500
Actual production	(tons)	106,558	131,321	84,599
Capacity utilization rate	(percent)	58.39	71.96	46.36
Quicklime PB2 Kiln				

Phra Phutthabat Plant		Year 2015	Year 2016	Year 2017
Production capacity	(tons)	182,500	182,500	182,500
Actual production	(tons)	129,563	81,606	135,763
Capacity utilization rate	(%)	70.99	44.72	74.39

2) **Kaeng Khoi Plant, located in Kaeng Khoi district in Saraburi province**



Kaeng Khoi Plant

Kaeng Khoi Plant consists of quicklime kilns that uses good quality sub-bituminous coal with low Sulphur as fuel for its four kilns. Total production capacity is about 346,750 tons per year. Capacity utilization of Kaeng Khoi Plant is as follows:

Kaeng Khoi Plant		Year 2015	Year 2016	Year 2017
Quicklime KK 1 Kiln				
Production capacity	(tons)	52,350	54,900	54,750
Actual production	(tons)	51,603	53,356	53,275
Capacity utilization rate	(%)	98.57	97.19	97.31
Quicklime KK2 Kiln				
Production capacity	(tons)	109,500	109,500	109,500
Actual production	(tons)	87,145	105,970	86,296
Capacity utilization rate	(%)	79.58	96.78	78.81
Quicklime KK3 Kiln				
Production capacity	(tons)	-	21,800 ¹	73,000
Actual production	(tons)	-	11,980	63,828
Capacity utilization rate	(percent)	-	54.96 ¹	87.44
Quicklime KK5 Kiln				
Production capacity	(tons)	-	42,600 ²	109,500
Actual production	(tons)	-	40,772	106,945

Kaeng Khoi Plant	Year 2015	Year 2016	Year 2017
Capacity utilization rate (%)	-	95.71 ²	97.67

Note: ¹ KK3 Kiln commenced operations on 14 September 2016

² KK5 Kiln commenced operations on 12 August 2016

Production Process of Hydrated Lime or Calcium Hydroxide (Ca(OH)₂)

A portion of quicklime from Kaeng Khoi Plant is sent to Rayong Plant where it is kept in silos of raw material. It is then passed through a hydrator and mixed with water, in proper proportions to produce quality hydrated lime according to customers' requirements. From this production process, approximately one ton of hydrated lime is produced from 0.76 tons of quicklime. There is a quality control process of the hydrated lime, from after it leaves the hydrator to before it is sold.



Rayong Plant

The Company has one hydrated lime plant, Rayong Plant, in Amata City Industrial Estate, Rayong province. Capacity utilization of Rayong Plant is as follows:

Rayong Plant	Year 2015	Year 2016	Year 2017
Production capacity (tons)	87,600	87,600	87,600
Actual production (tons)	50,745	72,037	81,503
Capacity utilization rate (percent)	57.93	82.23	93.04

Raw Material Sourcing

Limestone Sourcing

Limestone, the base material used for production of lime products, is from Thap Kwang Quarry. There is an estimated 115 million tons of limestone in the Quarry according to a study of mineable reserve in the concession area, by GMT Corporation Company Limited, October 2016. This mineable reserve is expected to be enough for lime production for at least the next 50 years.

Fuel Procurement

The Company uses natural gas and coal as fuel for burning in the kilns at Phra Phutthabat and Kaeng Khoi Plants, respectively, with the following summary:

1. The Company has a 10-year contract to buy natural gas from PTT Public Company Limited (PTT) that will end in 2019. Summary of gas consumption of Phra Phutthabat Plant is as follows:

Phra Phutthabat Plant		Year 2015	Year 2016	Year 2017
Natural gas price	(Million Baht)	298.64	219.41	256.70
Natural gas used	(Million BTU)	1.09	0.96	0.98
Natural gas price per unit	(Baht per BTU)	274	229	262

2. The Company procures coal from two reliable sources by considering the best commercial conditions, to reduce risk in case one of the suppliers cannot deliver coal on the agreed terms conditions. However, cost of coal in each transportation cycle can fluctuate due to quality of the coal from various factors, e.g. energy content, moisture content, and sulfur content in the fuel. Summary of coal used at Kaeng Khoi Plant is as follows:

Kaeng Khoi Plant		Year 2015	Year 2016	Year 2017
Coal price	(Million Baht)	85.89	129.79	189.09
Coal used	(Million Tons)	0.02	0.03	0.05
Coal price per unit	(Baht per ton)	3,885	3,756	3,677

Water Sourcing for Hydrated Lime Production

Water is an important raw material in the hydrated lime production process at Rayong Plant. As Rayong Plant is in Amata City Industrial Estate on the land that the Company purchased from Amata City Company Limited ("Amata City Co, Ltd"), Amata City Co. Ltd. or companies in Amata group has agreed to supply tap water according to standard of Waterworks Authority of Thailand as per conditions in the land purchase agreement.

Environmental Impact

Mining and operations of production plants may have an adverse impact on the environment, e.g. dust that impacts air quality, and vibration from mine drilling in the mining area, etc. The Company must comply with the conditions set out in the concession related to the environment, i.e., complying with the requirements, preventive and corrective measures for environmental impact, and monitoring environmental impact as stated in the Environmental Impact Assessment Report (EIA), and as required by the Office of Natural Resources and Environmental Policy and other related laws. In the plant production process, the Company has installed a dust collector system that lowers the amount of dust to prevent pollution or adverse impact on the health of plant workers and people in the surrounding communities.

Risk Factors

The Company considers the following risk factors as significant and may have negative impact on the financial standing and operating performance of the Company. However, there may be other unforeseen risks or risks that the Company sees insignificant at the present time but may actually have a significant impact on the Company's financial standing or performance.

1. Business Related Risk

1.1 Risk from cancellation of concession at Thap Kwang quarry.

The Company was granted Concession No. 27328/16133 to do limestone mining (for cement industry and lime) at Thap Kwang Quarry, Thap Kwang sub-district, Thap Kwang district, Saraburi province. The concession period is for 25 years, ending on 23 June 2540. The Company must comply with the addendum of the concession, e.g. preventive and corrective measures from environmental impact, contribution of funds relating to mining operation. If the Company does not fulfill the requirements, there is risk the concession will be revoked and as a result it will be unable to do the limestone mining and lack its own source of raw materials, and may have to procure limestone with unstable cost and quality from other suppliers.

However, the Company received its second mining concession on the same plot of land that it was already doing mining, shows that the Company is capable and qualified to doing mining business, and has strictly complied with the concession requirements.

1.2 Raw material procurement risk

Limestone is the main raw material used to produce lime. There is an estimated 115 million tons of mineable limestone reserve at Thap Kwang Quarry under the Company's mining concession, according to a study conducted by GMT Corporation Company Limited in October 2016. This mineable reserve amount is enough to support the limestone production plan of the Company which requires 45 million tons of limestone over the concession period of 25 years. If the Company finished producing 45 million tons of limestone before the concession expires, the Company can submit a new mining plan to request a change of limestone production volume for the remaining concession period. The Company has the right to apply for a new concession on the same property before the present concession expires, and while the Company still has the concession rights, no other party can apply for concession rights on the same property.

However, Company may have the risk of not being able to produce raw materials with quality as required or in time due to operations at Thap Kwang quarry, e.g. limestone quality not as required, technical risk from mining machinery which may interrupt the mining production and incorrect quantity estimation of limestone and reserved limestone at each mining area. This may result in higher costs for the Company and affect the Company's performance. The Company has set up production plans with the mining contractor by having an advance

monthly production plan for the contractor, and setting detailed and precise inspection of limestone quality at the mining face. The Company maintains inventories of limestone that has passed the quality check for one month's production as a reserve in case of there is operation interruptions at the quarry. In estimating the quantity of limestone and reserves of limestone at the mining face, the Company periodically hires experts to conduct geology mappings and drilling to check in detail the quantity and quality of limestone at the concession site to clearly know the location, type, quantity and quality of the limestone. The Company has never encountered any problems in sourcing raw materials in time or enough for production.

1.3 Risk from price fluctuations of coal and natural gas which are important production costs

The Company has risk from price fluctuations of coal and natural gas which are fuel used in the process of burning quicklime, and are major production costs.

To prevent quantity, price, and quality risks of fuel, the Company has contracted a yearly coal supply contract and a long-term natural gas supply contract with energy suppliers. For coal, the Company has a yearly coal supply contract that clearly specifies price, quantity, conditions for price change, delivery time, and guarantee of delivery of coal as specified in the contract. If the coal is not delivered according to quantity, quality and delivery time as agreed, and the Company has to procure coal from another source at a higher price, the coal supplier will compensate the difference of the price to the Company. If there are delays of coal delivery or delays from quality issues, the Company has coal reserves enough for production of two to three weeks to prevent any interruptions in the production process.

For natural gas supply, the Company has secured a 10-year long-term contract with PTT Public Company Limited ("PTT"), from 2009 through 2019 specifying the price, quantity, quality of natural gas, and conditions of price change. Selling prices of natural gas in the contract is set based on various factors that affect price of natural gas, e.g. energy content of fuel oils, exchange rates, Producer Price Index of Thailand for manufactured products, etc. Therefore, the Company can foresee change in natural gas cost by considering the mentioned factors.

1.4 Risk from dependence on few suppliers of natural gas and coal

The Company signed a long-term natural gas supply contract with one natural gas supplier and coal supply contracts with a few coal suppliers. If fuel suppliers cannot deliver fuel according to required quantity and quality, the Company may be unable to continuously operate which may affect financial standing and operating performance of the Company.

For natural gas supply, the Company has pipelines connected from PTT to Phra Phutthabat Plant. If PTT cannot deliver natural gas to the Company, production at Phra Phutthabat Plant may be interrupted or the Company may have higher production cost which may affect the Company's performance.

For coal supply, other than having coal reserves for production use, the Company procures coal from many reliable coal suppliers, thus, lowering the risk of coal supply if any supplier has a problem or cannot deliver coal according to the agreed quantity, quality, and conditions,

1.5 Risk from machinery interruption during production

Interruption of machinery during the production process, whether from internal or external reasons; foreseeable or not, may make the production come to a stop, and not able to deliver products to customers on time, and would affect the financial standing and operating performance of the Company.

The Company has plans for emergency situations and control over such situations to lower risk to its operating assets. The maintenance department is prepared to repair the failed machinery promptly, assess machinery condition, and plan for maintenance of machinery as scheduled. The Company also arranged to consistently have an operational manual for machinery usage and maintenance, and have training and review of work process manual for employees.

The Company also has insurance for important operating assets according to industry standards which covers an all-risk policy and public liability insurances.

1.6 Risk from being unable to obtain required business licenses and unable to fulfill license requirements

In case there are changes in rules and regulations that require change of license that is necessary for operating the Company's business, or issue of new licenses or extension of licenses for future business, it may take time for the government to make the changes or grant new licenses. This may interrupt the Company's operations and have a material negative impact on the business.

However, in past, the Company strictly adhered to the conditions of the different licenses received, enabling the Company to continuously receive the licenses required to do business.

1.7 Risk from increased lime supply

Domestic lime producers may increase production or there may be new foreign producers competing in the lime market. Such possible increase in supply may make Company lose its market share, affecting the financial standing and performance of the Company. However, with the Company's know-how, experience and expertise in the lime business, good relations with its customers, and source of high quality limestone, the Company is trusted by customers in the industry which is an advantage over other lime producers.

1.8 Risk from environmental impact

The Company's business may have an impact on the environment and communities around the Thap Kwang Quarry and each of the Company's plant. Air and noise pollution and various waste products may give Company a bad reputation, lead to legal proceedings or fines according to the law, which will affect financial standing and operating performance of the Company.

The Company realizes the importance of the environment, including air and noise pollution, various waste products, by conducting strict and continual quality inspections for air, noise, and waste, according to the standard or requirements set by the government body office that regulate environmental impact; using equipment and machinery that minimally affects the environment; and consistently arranges for environmental pollution inspections by third-party experts. The Company has never been prosecuted or paid significant legal fines relating to pollution to the environmental. The management and personnel of the Company realizes the importance of environmental impact, and always follows environmental rules and regulations.

1.9 Risk from using only one external contractor at mining face at Thap Kwang quarry

The Company contracted only one external contractor to work at mining face by setting the price and minimum amount of limestone to be produced. The contract is for two years and can be extended every two years if agreed by both parties of the contract. The Company is at risk if the hired contractor cannot perform according to the contract which may result in the interruption of operation at Thap Kwang Quarry, and affect the operating performance of the Company.

The Company realizes such risk, and has arranged for a team of mining engineers and geologists to closely supervise and regulate the hired contractor. It also prepares to hire another contractor if the present contractor cannot fulfill the required work contract because mining is not a complicated process.

1.10 Risk from having to complete projects, during construction phase, on time and within budget

The Company is expanding its business and has plans to expand production capacity, domestically and abroad. Such expansion projects have engineering, construction and system testing risks, including risks from air turbulence, natural disasters, accidents or unexpected situations. These risks may delay the Company's production plan and make the economic return of the project decrease significantly. This may increase the investment costs, and the Company could lose income, depending on the seriousness and length of time the situation lasts. Such risks may negatively affect the business, financial standing, operating performance and cash flow of the Company significantly. However, the Company has planning, and closely and continually monitors the construction progress.

1.11 Risk from changes in rules and regulations by the government

The mining industry is under the rules and regulation of a government office in every country. Changes in the policy and rules and regulations of governments both domestic and foreign countries may have a positive or negative effect on the Company's operations and performance, e.g. changes in laws and regulations of for mining operations, duties imposed in retaliation to market dumping, import taxes, rules and regulations on time limit of applying for or extending licenses.

The Company realizes the risks in changes in rules and regulations from the government sector, and continually studies and follows the rules and regulation changes in relevant countries for the Company to be able to comply with the rules in a correct and timely matter.

1.12 Risk from dependence on expert personnel in the field

The Company's business of production and distribution of lime and lime derivative chemical products, relies on specialists, including a mining exploration team, mining engineering team, and geologists who supervise the work at mining face, plant engineers who control processes in lime plants, marketing team who have good relations with customers, and management and employees who are knowledgeable and experienced, and have experience in production and sales planning. If the Company cannot retain management and knowledgeable and expert employees, it will have a negative impact on the Company's business.

Therefore, the Company gives emphasis on human resource management and development by setting team work values, arranging for personnel training projects to strengthen potential, and promote contribution from middle management in management planning of the Company, promoting job satisfaction, and enhancing employees' knowledge and work experience, to lower the risk of relying on any individual. The Company also emphasize participating in ownership in the Company to unite every group, which is an important factor in the Company achieving its goals.

2. Financial and Investment Risks

2.1 Risk from foreign exchange rate fluctuations

The Company and its subsidiaries sell products to foreign countries, e.g. Australian, Vietnam and India, and receives payment in foreign currency. For the years ended 31 December 2016 and 2017, revenue denominated in foreign currency accounted for 56.87% and 58.78% of total revenues, respectively. Majority of the Company's cost is in Baht. For the years ended 31 December 2016 and 2017, costs denominated in foreign currency accounted for 6.24% and 5.41% of total costs of sales, respectively. Therefore, the Company is exposed to foreign exchange fluctuation risk which may affect the Company's operating performance.

To reduce such risk, the Company manages cash flows; consistently follows the exchange rate movements and factors that could affect the exchange rates; and enters into forward contracts for revenue denominated in foreign currency.

2.2 Interest Rate Risk

The Company has interest rate risks on floating interest rate of the long-term loans from financial institutions for financing the Company' s investment, which is based on Minimum Lending Rate (MLR) quoted for prime customers. This rate fluctuates with interest rate policies set by the Bank of Thailand. As of 31 December 2017, balance of long-term loans with floating interest rate was Baht 1,208 million.

The Company closely monitors interest rate trends to manage the interest rate fluctuations to the level that it deems appropriate.

2.3 Risk from investing in projects in foreign countries

The Company has businesses in foreign countries through its subsidiaries in Australia for product distribution center and in India for lime manufacturing and distribution in India through its two joint ventures with shareholdings of 50% in each. The subsidiary and joint ventures abroad may be affected by external factors, such as economic conditions, political circumstances, competition in the industry, laws and regulations, business taxes, including changes in the country where the Company has investment, that could affect the structure and have an adverse impact on the Company' s investment.

However, the Company has studied and reviewed with care risks and returns for each project investment in foreign countries. It foresees the demand growth in the countries the Company invested in, and its partner in India is knowledgeable, capable and experienced in business in India.

Other Important Information

Important licenses and contracts related to work at Thap Kwang Quarry, Kaeng Khoi Plant, Phra Phuttabat Plant and Rayong Plant consist of the following:

Concession

Document:	Concession No. 27328/16133 (mineral category 5)
Contract Period:	24 June 2015-23 June 2040
Contract Parties:	Grantor: Ministry of Industry Grantee: Chememan Public Company Limited
Details:	Grants the Company mining rights for industrial mining of limestone (for the cement industry and lime production) by open pit mining method at Thap Kwang sub-district, Kaeng Khoi district, Saraburi province in an area of 230 rai, 1 ngan, 41 square wah for 25 years from 24 June 2015 onwards.
Conditions:	<ol style="list-style-type: none"> 1. For mineral mining of limestone for the cement industry and lime production by open-pit mining method. 2. Start mining within one year from date concession is granted. 3. Follow mining safety rules and promote well-being of workers according to measures set in the mining project. 4. Restore land at completed mining area according to measures stated in the mining project. 5. Restore land in area of mining and mineral dressing parallel to mining according to mining standards specified in the mining project. 6. Adhere to the terms, and preventive and corrective measures for the environmental impacts, as set by the Natural and Environmental Policy and Planning and in the mining project. 7. Pay royalty fee to the government as per contract dated 19 September 2016. 8. Set a no mining zone of not less than 50 meters from public area.
Preventive and Corrective Measures for Environmental Impact	Proceed with preventive and corrective measures on environmental impact, and follow-up on environmental quality inspection that was approved by the Office of Natural Resources and Environmental Policy and Planning, and Office of the Public Sector Development Commission whereby the mining site that has been completed is to undergo the process to restore land to a natural state, decrease sloped areas to a safe area with lower depletion; plant fast growing trees or land cover plants of terracing landscaping. Such activities must be done at least one month before the concession expires or mining operation is discontinued.

Arms Possession Permit

Contract Name:	1) Arms Possession Permit for Ammonium Nitrate 2) Arms Possession Permit for Emulsion Explosive 3) Arms Possession Permit for Detonating Cord 4) Arms Possession Permit for Delay Detonators
Contract Period:	5 June 2017-4 June 2018
Contract Parties:	Licensor: Ministry of Defense Licensee: Chememan Public Company Limited
Details:	Permits the Company to possess arms for use in mining.

Forest Utilization Permit

Contract:	Forest Utilization Permit
Contract Period:	20 January 2017-19 January 2027
Contract Parties:	Licensor: Royal Forest Department, Ministry of Environment and Natural Resources Licensee: Chememan Public Company Limited
Details:	Permits the Company usage of a specified area in the forest for the Company' s mining operation granted under the concession.

The Contract of Limestone Drilling, Blasting, Selecting, Breaking and Loading

Document Name:	Contract of Limestone Drilling, Blasting, Selecting, Breaking and Loading.
Contract Parties:	Contractor: Boontanapat Co., Ltd. Employer: Chememan Public Company Limited
Contract Period:	1 December 2016-31 December 2018, where the contract partners may agree to extend the contract period every two years.
Details:	Hire Contractor to drill and blast limestone at Thap Kwang Quarry, select the blasted limestone according to size, breaking and loading.
Production Quantity and Compensation or Fines	<ol style="list-style-type: none"> The Company agrees to let Contractor produce a minimum of 1.2 million tons of lime per year, for use in the dressing plant. If the total production of lime combined with waste rock/soil brought out from mining face and/or stored is less than 1.2 million tons per year, due to Company' s fault, the Company will have to compensate the Contractor 10 Baht per ton, for the missing quantity as stated in the contract. This fine is calculated once a year. In the case that the contractor produces less than the required monthly quantity of the Company due to the Contractor's fault, the Contractor will pay fines for the damage at 10 Baht per ton. This fine is calculated once a year. For all work shifts, if the Contractor cannot load or produce limestone in time for the crusher capacity of 500 tons per hour, the Contractor must pay fine to

Employer at the rate of 10 Baht per ton of production loss of the crusher. The Employer has the right to hire another contractor to use the Employer's equipment for added limestone production as needed by the Employer. The Contractor agrees to pay to the Employer, a fine of 10 Baht per ton for unloaded or production quantity of limestone less than stated quantity, or be fined according to difference of actual cost and payment according to the contract, whichever is higher. Details of other compensation or other fines are according to what is stated in the contract.

Mineral Processing License – Thap Kwang Quarry

License Name:	Mineral Processing License
License Period:	7 December 2016-6 December 2019
Contract Parties:	Licensor: Provincial Industry Office Licensee: Chememan Public Company Limited
Details:	Allows the Company to engage in mineral dressing of limestone from industrial mining for the chemical industry, and produce lime for tanning or sugar industries.

Mineral Processing License – Kaeng Khoi Plant

License Name:	Mineral Processing License
Contract Period:	18 December 2015-17 December 2018
Contract Parties:	Licensor: Provincial Industry Office Licensee: Chememan Public Company Limited
Details:	Allows the Company to engage in mineral dressing of limestone from industrial mining for the chemical industry, and produce lime for tanning or sugar industries.

Business Operations Permit in Industrial Estate – Rayong Plant

Document Name:	Business Operations Permit in Industrial Estate
Contract Period:	9 November 2015-31 December 2020
Contract Parties:	Grantor: Industrial Estate Authority of Thailand (IEAT) Grantee: Chememan Public Company Limited
Details:	Permits the Company to engage in hydrated lime production business.

Permit License for Natural Gas Service Station – Phra Phutthabat Plant

Contract Name:	Permit License for Natural Gas Service Station
Contract Period:	27 November 2017-31 December 2018
Contract Parties:	Licensor: Department of Energy Business

Licensee:	Chememan Public Company Limited
Details:	Allows the Company to engage in restricted works, category 3 prescribed under section 17 (3) of the Fuel Control Act B.E. 2542

Natural Gas Supply Contract – Phra Phutthabat Plant

Contract:	Natural Gas Supply Contract
Contract Period:	12 March 2009-12 March 2019
Contract Parties:	Supplier: PTT Buyer: Chememan Public Company
Purpose xx:	Seller agrees to sell natural gas to Buyer, and Buyer agrees to buy natural gas from Seller for use in lime production process at Phra Phutthabat Plant, whereby the Buyer is responsible for arranging its gas pipes to connect to Supplier's pipes.

Board of Investment Privileges

The Company was granted promotional privileges, according to the Investment Promotion Act B.E. 2520 (including amendments) from the Board of Investments under conditions set out in the Promotion Certificate, for quicklime and hydrate lime plants, with the following general privileges:

- 1) Permission to bring into the Kingdom (of Thailand), foreign nationals who are skilled workers or experts, spouses and dependents of such workers and experts in such numbers and for such periods of time as the Board of Investments may deem appropriate.
- 2) Permission for foreign nationals who are skilled workers or experts who are granted permission to stay in the Kingdom in 1) to receive work permit for a specific position approved by the Board of Investments for the period of permitted stay in the Kingdom.
- 3) Exemption of import duties on machinery approved by the Board of Investments.
- 4) Exemption of corporate income tax for net profit from promoted operation where aggregate exempted corporate income tax does not exceed 100% of investment cost, excluding cost of land and working capital.
- 5) In the case there are losses incurred during the corporate income tax exemption period, the Company is allowed to utilize the losses as a deduction against the net earnings of future years after the expiry of the corporate income tax exemption period, but with a time limit of five years after the expiry date, where deduction from net profit can be in any one year or many years.
- 6) Dividends derived from a promoted business which was granted for corporate income tax exemption shall be exempted from computation of taxable income throughout the period the promoted business receives corporate income tax exemption.

The Company was granted Promotional Certificates for lime production at Kaeng Khoi Plant and Rayong Plant. Presently, there are five Promotional Certificates that still have full tax exemptions, with details as follows:

Plant / Product	Date of Promotional Certificate Issued	Date of First Earning Operating Income	Period for Income Tax Exemption for Full Amount ¹	Period for Income Tax Exemption- 50% ²	Conditions / Privilege for Specific Project
Kaeng Khoi Plant (KK3 and KK5 kilns) / Quicklime	10 April 2015	2 September 2016	6 years ³	5 years ³	- Production capacity of approximately 182,500 tons per year
Kaeng Khoi Plant (KK4 kiln) / Quicklime (Future)	19 August 2016	No income yet	3 years	None	- Production capacity of approximately 73,000 tons per year
Kaeng Khoi Plant (KK6 kiln) / Quicklime (Future)	19 August 2016	No income yet	3 years	None	- Production capacity of approximately 109,500 tons per year
Kaeng Khoi Plant / Hydrated Lime (Future)	6 October 2016	No income yet	3 years	None	- Production capacity of approximately 87,600 tons per year
Rayong Plant / Hydrated Lime	23 December 2011	15 February 2013	8 years	5 years	<ul style="list-style-type: none"> - Production capacity of approximately 87,600 tons per year - Allowed to deduct double the costs of transportation, electricity and water for 10 years ¹ - Allowed to deduct an additional 25% of investments in construction as costs, in addition to the normal depreciation. - Exemption of import duty tax for imported raw materials used in the production for export, for a period of 5 years from date of first import. - Exemption of import tax of goods imported for export, for a period of 5 years from date of first import.

- Notes:
- 1 Starting from date of first earning operating income from business that received BOI promotional privilege.
 - 2 Starting from date that the corporate income exemption expires.
 - 3 Received additional promotional privileges according to extra investments incentives (Board of Investment resolution passed on 23 March 2017)

Contracts Between Shareholders

Contract Between Shareholders in Chememan Lao Company Limited (“Chememan Lao”)

Contract Date:	8 September 2015		
Contract Parties:	<ol style="list-style-type: none"> 1. EXIM Company Limited (“EXIM”) <p>EXIM was established in 2005 as a transportation business. It transports goods in Laos and in foreign countries, via land, water and air.</p> 2. Chememan Public Company Limited 		
Details	The Contract Parties established Chememan Lao in Laos to manufacture and sell limestone and lime.		
Shareholding:	EXIM:	40.00%	
	Chememan Public Company Limited:	60.00%	

Contract Between Shareholders in Siriman Chemicals India Private Limited (“Siriman Chemicals”)

Contract Date:	6 September 2016		
Contract Parties:	<ol style="list-style-type: none"> 1. Sanvira Industries Limited <p>Sanvira Industries Limited was established in 2008 in India to manufacture and sell petroleum coke, a product derived from oil refinery. It also has an electricity generating plant.</p> 2. Sanvira Chemicals Private Limited <p>Sanvira Chemicals Private Limited was established in 2011 in India to produce and sell basic chemical products.</p> <p>Whereby parties 1. and 2. are collectively referred to as Sanvira Group (“Sanvira Group”).</p> 3. Chememan Public Company Limited 		
Details:	The Contract Parties jointly set up a new company, Siriman Chemicals, in India to manufacture and distribute quicklime and hydrated lime through Siriman Chemicals which is located in Andhra Pradesh state. It is only allowed to sell products in the states of Andhra Pradesh, Telangana, Orissa and Chhattisgarh, in India.		
Shareholding:	Sanvira Group:	50.00%	
	Chememan Public Company Limited:	50.00%	

Contract Between Shareholders of Easternbulk Lime Products Private Limited (“Easternbulk Lime Products”)

Contract Date:	17 May 2017		
Contract Parties:	<ol style="list-style-type: none"> 1. Easternbulk Trading and Shipping Private Limited <p>(“Easternbulk Trading and Shipping”)</p> 		

	<p>Easternbulk Trading and Shipping was established in 2007 to engage in the mineral trading business, and fully integrated water transportation business at port in the eastern part of India.</p>				
	<p>2. Chememan Public Company Limited</p>				
	<p>3. Easternbulk Lime Products</p>				
Details:	<p>Easternbulk Trading and Shipping sold 50% of its shares in Easternbulk Lime Products to the Chememan Public Company Limited, to construct a production plant, and distribute quicklime and hydrated lime. The plant of Easternbulk Lime Products will be constructed in the industrial city of Tuticorin. Products will be sold in the states of Tamilnadu, Karnataka, and Kerala in India.</p>				
Shareholding:	<table><tr><td>Easternbulk Trading and Shipping</td><td>50.00%</td></tr><tr><td>Chememan Public Company Limited</td><td>50.00%</td></tr></table>	Easternbulk Trading and Shipping	50.00%	Chememan Public Company Limited	50.00%
Easternbulk Trading and Shipping	50.00%				
Chememan Public Company Limited	50.00%				

Dividend Policy

Dividend Policy of the Company

The Company has a policy to pay shareholders dividends of at least 40% of consolidated net profit after deduction of corporate income tax and all reserves required by law or the rules and regulations of the Company taking into consideration the Company's cashflow, operating results, financial structure, investment plans, conditions and obligations of the Company in different contracts, future requirements, and consistency of the dividend payments. Dividend payments must not exceed the Company's retained earnings based on its separate financial statements, and the dividend cannot be paid if the Company has deficit based on its separate financial statements.

Dividend payments must be approved by the shareholders' meeting unless it is an interim dividend which the board of directors may approve occasionally when the Company has enough profits. Interim dividend payment must be reported to the next shareholders' meeting.

Dividend Policy of the Subsidiaries

Dividend payments of the subsidiaries are to be approved by the board of directors and shareholders' meeting of each subsidiary. The dividend payment is to be at least 40% of the subsidiary's net profits based on its separate financial statements or consolidated financial statements if the subsidiary has investments in other companies, after deduction of corporate income tax and reserves required by law or the rules and regulations of each subsidiary. Dividend payments must not exceed the subsidiary's retained earnings based on its separate financial statements, and the dividend cannot be paid if the subsidiary has deficit based on its separate financial statements. However, such dividend payment may vary according to the subsidiary's cash flow, operating results, financial structure, investment plans, conditions and obligations of the subsidiary in different contracts, and future requirements.

In order that dividend payments of the subsidiary are in accordance with corporate governance, transparent and verifiable, after dividend is paid by each subsidiary, the subsidiary's board of directors shall report such dividend payment in the next meeting of the Company's board of directors.

Shareholders

Top ten shareholders of the Company as of 31 December 2017 were as follows:

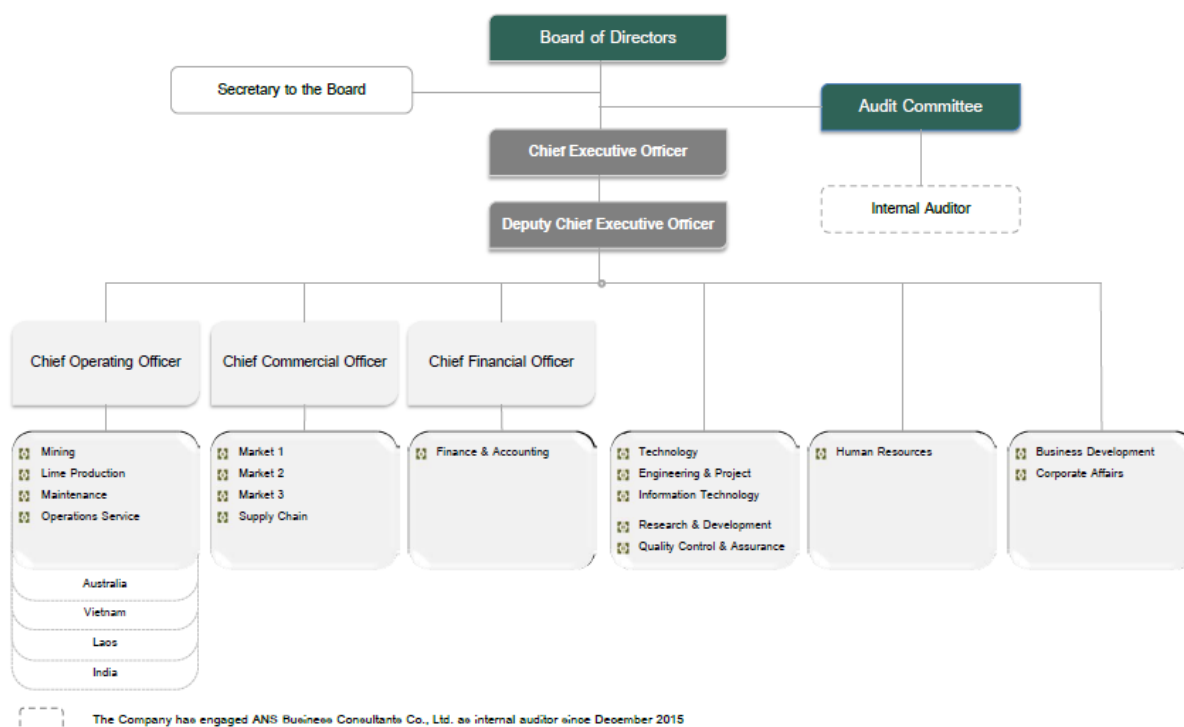
Shareholders	As of 31 December 2017		Post Initial Public Offering of 240 Million Newly-Issued Ordinary Shares 14 - 16 March 2018	
	Number of Shares	Percent Holding	Number of Shares	Percent Holding
1. Mr. Chai Srivikorn	267,805,900	37.20	267,805,900	27.90
2. Buranachart Company Limited ¹	252,116,700	35.02	252,116,700	26.26
3. Mrs. Songsri Sengsakul	10,262,110	1.43	10,262,110	1.07
4. Mr. Apichat Laochinda	9,125,000	1.27	9,125,000	0.95
5. Mr. Chartiwudh Tanchanpong	8,961,210	1.24	8,961,210	0.93
6. Mr. Charn Srivikorn	8,720,800	1.21	8,720,800	0.91
7. Miss Korakot Srivikorn	8,720,800	1.21	8,720,800	0.91
8. Miss Pannin Kitiparaporn	8,720,800	1.21	8,720,800	0.91
9. Mr. Suwat Tunlayadechanont	8,135,000	1.13	8,135,000	0.85
10. Mr. Variddhi Ungbhakorn	7,402,985	1.03	7,402,985	0.77
11. Other shareholders	130,028,695	18.06	130,028,695	13.54
12. General public shareholders	-	-	240,000,000	25.00
Total	720,000,000	100.00	960,000,000	100.00

Note: ¹ Buranachart Company Limited was registered as a company on 5 March 2003. Its main business is to act as holding company that has no investments in financial business.

Top ten shareholders of Buranachart Company Limited as of 28 April 2017 were as follows:

Shareholders	Number of Shares	Percent Holding
1. Lowjun Family	7,678,376	27.04
1.1 Mr. Adisak Lowjun	7,678,375	27.04
1.2 Mrs. Rajjaneepen Ungpakorn	1	0.00
2. Mr. Charoen Churekanont	4,000,000	14.08
3. Mr. Chai Srivikorn	3,709,160	13.06
4. Mr. Apichat Laochinda	3,691,825	13.00
5. Mr. Suthep Uacherdkul	3,501,686	12.33
6. Mr. Suwat Tunlayadechanont	2,658,953	9.36
7. Mr. Chaichana Pimikitsak	800,000	2.82
8. Mr. Sukit Wongdecha	640,000	2.25
9. Miss Piengkamol Kraidej	500,000	1.76
10. Mr. Kamol Sowattanaskul	400,000	1.41
Total shares of top ten shareholders	27,580,000	97.11
11. Other shareholders	820,000	2.89
Total Shares	28,400,000	100.00

Management Structure as of 31 December 2017



As of 31 December 2017, the Company's management structure comprised of the Board of Directors and the Audit Committee. The Board of Directors did not appoint Nomination and Remuneration Committee. However, the Board of Directors have set up a guideline to determine the directors' remuneration in comparison with companies with similar size (revenue and net profit) and in similar industries. This is to reward work performed and motivate qualified persons with knowledge, ability, skills and experience that is appropriate and for the best interest of the Company.

Board of Directors

There were 11 directors as of 31 December 2017, namely:

	Director	Position
1.	M.L. Chandchutha Chandratat	Chairman of the Board / Independent Director
2.	Mr. Adisak Lowjun	Director
3.	Mr. Charoen Churekanont	Director
4.	Mr. Suthep Uacherdkul	Director
5.	Mrs. Rajjaneepen Ungpakorn	Director
6.	Mr. Chai Srivikorn	Director
7.	Mr. Paradorn Vilaikul	Director
8.	Mr. Suwat Tunlayadechanont	Director
9.	Mr. Pornprom Karnchanachari	Independent Director / Chairman of Audit Committee
10.	Miss Amata Issarangura Na Ayudhaya	Independent Director / member of Audit Committee
11.	Mr. Yamsak Manomaiphiboon	Independent Director / member of Audit Committee

Miss Piengkamol Kraidej was the secretary to the board of directors.

Authorized Directors to Sign and Bind the Company

Directors authorized to sign and bind on behalf of the Company are: anyone of Mr. Adisak Lowjun or Mr. Charoen Churekanont or Mrs. Rajjaneepen Ungpakorn signs jointly with anyone of Mr. Chai Srivikorn or Mr. Suwat Tunlayadechanont or Mr. Suthep Uacherdkul, together with the Company's seal affixed.

Audit Committee

The Audit Committee comprised 3 members as of 31 December 2017, namely:

	Director	Position
1.	Mr. Pornprom Karnchanachari ¹	Chairman of Audit Committee
2.	Mr. Yamsak Manomaiphiboon ²	Member of Audit Committee
3.	Miss Amata Issarangura Na Ayudhaya	Member of Audit Committee

- Note:**
1. Appointed as chairman of Audit Committee by the Extraordinary Shareholders' Meeting 2/2560 held on 8 August 2017.
 2. Appointed as member of Audit Committee by the Extraordinary Shareholders' Meeting 2/2560 held on 8 August 2017.

Management

There were 16 persons on the management team of the Company as of 31 December 2017, namely:

Management	Position
1. Mr. Adisak Lowjun	Chief Executive Officer
2. Mr. Suwat Tunlayadechanont	Deputy Chief Executive Officer
3. Mr. Wutthichai Tankuranand	Chief Financial Officer
4. Mr. Krissanapong Tatirungsunsook	Vice President of Mining Operations
5. Mr. Komgrit Panom-Upatam	Vice President of Lime Operations
6. Mr. Wanus Petchruarn	Vice President of Maintenance
7. Mr. Pathomphob Jankiatfu	Vice President of Operations Services
8. Mr. Boonlert Thungkatikajonkit	Vice President of Commercial Market 2
9. Mr. Kosol Pittayaprasertkul	Vice President of Supply Chain
10. Mrs. Nisaluck Mungpalchol	Vice President of Finance & Accounting
11. Mr. Apichat Laochinda	Vice President of Engineering & Project
12. Miss Piengkamol Kraidej	Vice President of Human Resources
13. Mr. Panom Praiyontip	Vice President of Business Development
14. Mr. Kamol Sowattanaskul	Vice President of Business Development
15. Mr. Nattapond Kongsompong	Vice President of Corporate Affairs
16. Miss Sunee Wattanapholmongkol	Vice President of Business Development

Note: Management refers to manager (CEO) or those in management positions that are the first four levels down from the manager and anyone in equivalent position as the fourth person, including anyone holding a management position in accounting or finance that is a division manager or equivalent.

Board of Directors and Audit Committee Meetings

The attendance of the directors in 2017 was as follows:

	Directors	Attendance / Total Meetings	
		Board of Director	Audit Committee
1.	M.L. Chandchutha Chandratat ¹	9/9	3/3
2.	Mr. Adisak Lowjun	9/9	-
3.	Mr. Charoen Churekanont	9/9	-
4.	Mr. Suthep Uacherdkul	9/9	-
5.	Mrs. Rajjaneepen Ungpakorn	7/9	-
6.	Mr. Chai Srivikorn	8/9	-
7.	Mr. Paradorn Vilaikul	9/9	-
8.	Mr. Suwat Tunlayadechanont	9/9	-
9.	Mr. Pornprom Karnchanachari ²	8/9	5/5
10.	Mr. Pornprom Karnchanachari	9/9	5/5
11.	Mr. Yarsak Manomaiphiboon ³	5/6	2/2

- Note:**
1. Held position of chairman of Audit Committee until 8 August 2017.
 2. Appointed as chairman of Audit Committee by the Extraordinary General Shareholders' Meeting 2/2560 on 8 August 2017
 3. Appointed as director by the Annual General Shareholders' Meeting 2017 on 29 March 2017, and appointed as member of Audit Committee by the Extraordinary General Shareholders' Meeting 2/2560 on 8 August 2017

Company Secretary

The board of directors' meeting no. 5/2560 held on 20 July 2017 appointed Miss Piengkamol Kraidej as the Company Secretary with effect on 20 July 2017.

Director and Management Remuneration

Remuneration of Board of Directors

The Extraordinary General Shareholder's Meeting No. 2/2560 held on 8 August 2017 set remuneration for directors as follows:

Position	Monthly Fixed Fee (Baht)	Meeting Attendance Fee (Baht per Meeting)
Chairman of Board of Directors	18,000	18,000
Director	15,000	15,000
Chairman of the Audit Committee	-	14,400
Member of the Audit Committee	-	12,000

In 2017, the Company paid a total of 3,555,000 Baht for directors' remuneration comprising monthly fixed fee and meeting attendance fees as follows:

	Directors	Remuneration for Board of Directors (Baht)	Remuneration for Audit Committee (Baht)
1.	M.L. Chandchutha Chandratat	342,000	43,200
2.	Mr. Adisak Lowjun	351,000	-
3.	Mr. Charoen Churekanont	315,000	-
4.	Mr. Suthep Uacherdkul	315,000	-
5.	Mrs. Rajjaneepen Ungpakorn	285,000	-
6.	Mr. Chai Srivikorn	300,000	-
7.	Mr. Paradorn Vilaikul	315,000	-
8.	Mr. Suwat Tunlayadechanont	315,000	-
9.	Mr. Pornprom Kamchanachari	300,000	64,800
10.	Mr. Pornprom Kamchanachari	315,000	60,000
11.	Mr. Yarnsak Manomaiphiboon	210,000	24,000
	Total Monthly Fixed and Meeting Attendance Fees	3,363,000	192,000

Other Remuneration to Directors

-None-

Monetary Remuneration to Management

Remuneration for management in 2017 comprising salary, bonus and employment function fee was Baht 75.67 million.

Other Remuneration to Management

Other remuneration for management in 2017 comprising contribution to social security and provident funds was Baht 2.73 million.

Number of Employees

As of 31 December 2017, there were 514 employees (excluding management) as follows:

Group	Number of employees
Operations	341
Commercial	65
Finance and Accounting	28
Technology	52
Human Resource	17
Business Development and Corporate Affairs	11
Total	514

Remuneration to Employees

Remuneration to employees (excluding management) in 2017 comprising salary, bonus, living allowance, position allowance, shift payments, overtime wages, contribution to social security and provident funds was Baht 213.14 million.

Labor Disputes

-None-

Personnel Development Policy

The Company has a policy that supports the continual training and development for its employees, starting with orientation for new hires to acquaint them with the company's background, important business policies, business governance, safety and health issues; and while working, the Company supports coaching, on the job training from team leaders, and external training for added knowledge necessary for work performance.

The Company also lays the appropriate foundation for employees to learn about the business and management appropriate to their duties and responsibilities, to prepare them for further career advancement.

Corporate Governance

Policy of Corporate Governance

The Company realizes the importance of overseeing that the Company's conduct of business is in alignment with the Company's objectives and in accordance with its strategies, policies, plans and budget, with appropriate performance monitoring, evaluation and reporting. This is performed through ethical business practices, respecting the rights of shareholders and stakeholders, taking into considerations of social benefits, environmental impacts, and being adaptable to changing circumstances. For the Company to remain competitive and have good long-term performance, the Board of Directors set a policy of corporate governance with the following eight principles as guideline for its employees to practice:

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

The Company clearly defines the role and responsibilities of the Board of Directors in the Board of Directors' Charter, whereby the Board of Directors have major responsibilities in setting objectives of the business, financial policies, risk management, and strategic direction and allocating necessary resources that will enable Company personnel to attain the objectives. The Board will appropriately monitor, evaluate and oversee the reporting of the Company's performance.

The Board will oversee that the Company conducts business ethically, respects the rights and is responsible to shareholders and stakeholders; contributes to benefit society and the environment; is adaptable to changing circumstances; while still being competitive for long-term interests of the shareholders.

The Board sets roles and responsibilities of the Chief Executive Officer, and oversees that the directors and the executives perform their responsibilities in compliance with their fiduciary duties and that Company operates in accordance with applicable laws and regulations and resolutions of the shareholders' meeting.

Principle 2 Define Objectives that Promote Sustainable Value Creation

The main objective of the Company set by the Board is to be a leading lime producer, and the Board set the Company's vision and values, including strategies, goals and yearly-plan for the Company's employees to perform their duties to achieve such objective.

Principle 3 Strengthen Board Effectiveness

The Board is comprised of knowledgeable and experienced personnel with good interpersonal skills and capability to perform directors' duties for the best interest of the Company. The director has a significant role in setting the Company's policies. According to the Company's Articles of Association, there must be 5 to 12 directors, consisting of executive, non-executive and independent directors to ensure proper check and balance. Details

of board composition, qualifications of directors, term of office, roles and responsibilities are stated in the Board Charter.

The Company has appointed a company secretary to perform duties related to the Board of Director's meetings, and the shareholders' meetings, to support the Board in performing its duties, and to coordinate that the Board's resolutions are followed.

Principle 4 Ensure Effective Chief Executive Officer and People Management

The Board set a policy on the nomination of directors, chief executive officer and key executives, and the succession plans. Such policy is used as a guideline in selecting qualified and experienced candidates for the best interest of the Company. Details are in the Company's policy on recruitment of directors, chief executive officer and key executives.

The Board will ensure that remuneration and performance evaluation is appropriate and commensurate with the duties and responsibilities of the Board. The executives will receive salary and yearly bonus based on the Company's and the individual's performance.

For continued improvements on corporate governance practices, the Board promotes training on corporate governance to concerned personnel, such as directors, members of the Audit Committee, management and company secretary. This training may be in-house or an outside institution may be used.

If there are changes in the directors or new directors, the management will arrange necessary information and documents for the new directors to perform their duties, including introduction to the business and operations direction of the Company.

The Board will arrange for work rotations according to the aptitude of the person, with main considerations to the type of work and time available. The Chief Executive Officer will set the time schedule and evaluate the performance for personnel development and succession plan of the Company. This will develop knowledge and skills of management and employees and enable the personnel to rotate work.

Principle 5 Nurture Innovation and Responsible Business

The Board gives emphasis on innovation for sustainable growth of the Company, and promotes the innovation from modern technology for the production process, with consideration for sustainable usage of natural resources; investment in research laboratories to develop and inspect the product characteristics to fulfill different customers' requirements from various industries; and constantly developing operations processes to increase efficiency.

Principle 6 Strengthen Effective Risk Management and Internal Control

The Board appointed the Audit Committee to support the Board's role in overseeing that the Company has effective internal controls, and to provide direct opinions on the financial statements and the internal control

systems of the Company. The Audit Committee also allows discussions with the management and the auditor on mitigation of possible risks, and preparation of financial statements that are credible, of high standards, and added value to the Company. The Audit Committee must consist of not less than three independent directors, with qualifications as required by the Capital Market Supervisory Board and the Stock Exchange of Thailand, with one director knowledgeable or experienced in accounting or finance, and changes in financial standing. Details of the Audit Committee as to structure, characteristics, term of office, roles and responsibilities, are stated in the Audit Committee Charter.

The Board of Directors set the following risk management and internal control policies:

1. business code of ethics,
2. risk management,
3. use of insider Information,
4. prevention of conflict of interest,
5. connected transactions,
6. anti-Corruption,
7. investments and overseeing of subsidiaries' and joint ventures' operations, and
8. dividend payment of Company and its subsidiaries.

If a stakeholder has any observations on the Company's business operation, the person can ask for details, submit a complaint or submit source of illegal acts, mistakes in the financial statements, deficiencies of internal control systems, or unethical conducts of the Company, through the Company's independent directors or members of the Audit Committee. The complaint and source of information will be kept in confidence. The independent director or members of the Audit Committee will have the information examined and remedy the situation (if it exists), and will inform the Board.

Principle 7 Ensure Disclosure and Financial Integrity

1. The Board will ensure that disclosure of financial and general information is accurate, complete, adequate, transparent and timely. Such disclosure also includes other information that will or may affect the Company's share price, and the decisions of the investors and stakeholders of the Company. It will disclose the information in accordance with rules of the Office of the Securities Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand.
2. The Company has assigned an Investor Relations officer to communicate with investors or and shareholders. There will be regular meetings to analyze the Company's performance, and distribute the Company's general and financial information to shareholders, stock analysts, credit rating agencies and related government offices, through various channels including reports to the Office of the Securities Exchange Commission and the Stock Exchange of Thailand and the Company's website. In addition, the Company gives emphasis on disclosure of information on a regular basis whereas the shareholders can access through the Company's website updated information on the Company which includes the

Company's vision, mission, financial statements, news, annual report, company structure, management team, shareholding structure, major shareholders, notices of the shareholders' meeting, corporate registration documents and charters, etc.

3. The Company gives emphasis on the financial statements and financial information presented in the annual report of the Company. The Audit Committee will review and inform the Board of Directors quality of the financial statements and the internal control systems including adequacy of disclosure of important information in the notes to the financial statements, and arrange for the Report on Board of Directors' Responsibilities on the Financial Statements to be presented together with the Auditor's Report in the Company's annual report.
4. The Company will disclose in the Company's annual report and the Company's annual registration statements roles and responsibilities of the Board of Directors and the sub-committee, number of meetings and attendance in the previous year, and opinion of the Board and the sub-committee from their duty performance, professional training activities, remuneration policies, and details of remuneration to directors and key executives of the Company.
5. The Company will disclose audit fees and other fees paid to the auditor.
6. The Company will arrange for reports on corporate governance policy, business code of ethics, risk management policy, social responsibilities policy, results of the policy implementation together with comments on reasons why the policies could not be implemented, through various channels such as the Company's annual report and website.

Principle 8 Ensure Engagement and Communication with Shareholders

1. The Company will ensure that the Company sends out notices of the shareholders' meeting including information for the agenda at least 7 days before the meeting, or any other length of time according to the law or specified regulations. There will be the Board's opinion on every agenda, including enough explanatory for the shareholders to study the meeting contents before the meeting. The Company will also have the information on the Company's website before the meeting date,
2. The Company will allow shareholders to submit comments, suggestions or questions before the meeting according to the Company's procedure, and will communicate such procedure on the Company's website.
3. For the convenience of the Company's shareholders, the chosen location for the shareholders' meeting will be an easy to access location, and a map of detailed location will be enclosed. The Company will choose an appropriate date and time, allowing enough time for the meeting.
4. In case a shareholder cannot attend the meeting, the Company will allow an independent director or any other person act as proxy through the form sent with the notice of shareholders' meeting.
5. In the shareholders' meeting, every shareholder has equal rights, and can freely give opinions, suggestions or ask questions in relations to the agenda before it is voted upon. There will be a director and an executive of the Company in the meeting to answer questions.
6. The Company encourages voting by ballot on every agenda for transparency and verification.

7. The Company will have an independent person help in the counting of votes on each agenda.
8. After the meeting, the Company will announce the vote results of each agenda through the SET Portal System of the Stock Exchange of Thailand and on the Company's website.
9. The Company will produce accurate and complete, in all material matters, minutes of the meeting which includes important questions, comments and suggestions, for review by shareholders.

Structure of Company Directors

Management structure of the Company comprises of a Board of Directors and an Audit Committee, whereby the powers of the board of directors, the audit committee and the chief executive officer are as follows:

Roles and Responsibilities of the Company's Board of Directors

1. Perform responsibilities in compliance with fiduciary duties, law, objectives, the articles of association of the Company and the resolutions of the shareholders' meeting.
2. Appoint or change directors who can sign to bind the Company.
3. Appoint and set the role of the sub-committee, as appropriate and necessary, to support the Board of Directors to perform its duties.
4. Set the vision and mission, policies, strategies, and direction of the Company; and oversee that management implements the approved policies and plans efficiently and effectively.
5. Set business plans, annual budget; oversee management, review operation performance by quarter compared to business plan and budget, and future trend of the business.
6. Evaluate the performance of the chief executive officer, and the overall performance of management.
7. Set guideline and policy for determining the salary, salary increase, bonus, other compensations and rewards for employees of the Company.
8. Ensure that management arranges for proper books of accounts, financial reports, a reliable auditor, that adequate and suitable risk management system and internal control system are in place.
9. Approve acquisition or disposal of assets, investments in new projects and any business in compliance with applicable law, rules and regulations.
10. Review or give opinion on connected transactions of the Company or its subsidiaries and/or connected transactions that the Company or its subsidiaries are to undertake (in case that size of such transaction does not need approval from the shareholders' meeting) and ensure that such transactions are in compliance with the law, announcements and related rules and regulations.
11. Oversee conflicts of interest between a stakeholder and the Company that may arise.
12. Oversee the Company with business ethics, and review the Company's corporate governance policy.
13. Prepare 'Report on the Board of Directors Responsibilities on the Financial Report', to be presented in the Company's annual report together with the Auditor's Report. Such report should cover important topics according to the Stock Exchange of Thailand Code of Best Practices for Directors of Listed Companies.

14. Delegate one or more directors, or anyone to act on behalf of the Board of Directors, where such assignment must not enable the assigned director or person to have authority to approve transactions which are conflicts of interest of the Company or its subsidiaries.
15. Consider approving interim payments to shareholders, and report such payment in the next shareholders' meeting.
16. Appoint a company secretary to support the Board of Directors to perform its duties in accordance with applicable law, rules and regulations.

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial reporting process to ensure accurate and adequate disclosure.
2. Ensure that the Company has suitable and efficient internal control system and internal audit, and determine the independence of the internal auditor, including approving appointments, transfers, dismissal of head of internal audit or any other unit that is responsible for the internal audit as proposed by management.
3. Review that the Company complies with the securities and exchange law, regulations of the Stock Exchange of Thailand or laws relating to the Company's business.
4. Select and nominate an external auditor for the Company, and recommend remuneration for the external auditor.
5. Review connected transactions or transactions that may result in conflicts of interest and ensure that the transactions are in compliance with the securities and exchange law and regulations of the Stock Exchange of Thailand, reasonable and serve the best interest of the Company.
6. Have authority to call meetings with management or officers of the Company to obtain their explanation and opinion as necessary.
7. May seek external advisor or professional counsel for advice or opinion, as the Audit Committee deems necessary.
8. Prepare a report of the Audit Committee and disclose it in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must consist of at least the following information:
 - (1) Opinion of the Audit Committee on accuracy, completeness and reliability of financial statements of the Company.
 - (2) Opinion of the Audit Committee on the adequacy of the Company's internal control system.
 - (3) Opinion of the Audit Committee on the compliance with the securities and exchange law, regulations of the Securities Exchange of Thailand or laws relating to business of the Company.
 - (4) Opinion of the Audit Committee on the suitability of the external auditor.
 - (5) Opinion of the Audit Committee on transactions that may have conflicts of interest.
 - (6) Number of meetings of the Audit Committee, and attendance of each committee member.

- (7) Opinion or observation of the Audit Committee obtained from performing their duties in accordance with the Audit Committee Charter.
 - (8) Other matters under the Audit Committee's duties and responsibilities assigned by the Board of Directors that should be disclosed to the shareholders and general investors.
9. Perform any other acts as assigned by the Board of Directors.

Roles and Responsibilities of Chief Executive Officer

The principal duty of the Chief Executive Officer is to oversee that management operates the Company to achieve the objectives of the Company through policies, strategies and plans approved by the Board of Directors. For the Chief Executive Officer to perform such duty, the Board of Directors has set the authorities and responsibilities of the Chief Executive Officer as follows:

1. Oversee, manage and operate routine normal business for the best interest of the Company and in accordance with the Company's policies, vision and mission, objectives, annual plans, business strategies, and budgets set by the Board of Directors.
2. Oversee the finance, marketing, human resource and other operational works that they are operated in accordance with the Company's policies and plans set by the Board of Directors.
3. Hire, appoint, transfer, dismiss, fire, set wages and compensation for all employees' levels up to level of Deputy Chief Executive Officer within framework and policy set by the Board of Directors. The Chief Executive Officer can delegate the powers to someone else to act on his behalf.
4. Set rewards, salary increase, compensation and bonus for all employee levels up to level of Deputy Chief Executive Officer within framework and policies set by the Board of Directors.
5. Approve contract and/or any business transaction that is the normal business of the Company, within the monetary limit in accordance with the authorization regulation approved by the Board of Directors.
6. Assign a person the Chief Executive Officer sees appropriate to act on his behalf for necessary and appropriate matters, within the law, and rules and regulations of the Company.
7. Approve instructions, regulations, announcement, manual and memos issued in accordance with the Company's policies and for the best interest of the Company and orderliness of the organization.
8. Perform other duties as assigned by the Board of Directors with authorized power necessary to perform such duties.

The Chief Executive Officer is not allowed to approve transaction that he or any person delegated by the Chief Executive Officer may have a conflict of interest with the Company and/or its subsidiaries. Such transaction must be approved by the Board of Directors' s meeting and/or shareholders' meeting (depending on the matter) except for normal business transaction which the Board of Directors has approved in principle.

Authorization Regulation for Entering into Business Transactions

The Board of Directors has authorization to approve the annual budget, which includes investment budget, expense budget and yearly sales plan, and to revise the annual budget. The Chief Executive Officer has authorization to approve investments, expenses and transfer of budgets under investment budgets approved by the Board of Directors.

Roles and Responsibilities of the Company Secretary to the Board of Directors

The Company Secretary has important duties as prescribed under the Securities and Exchange Act. The Board of Directors set the duties and responsibilities of the Company Secretary as follows:

1. Prepare and keep the following documents:
 - (1) a register of directors;
 - (2) a notice calling a director meeting, minutes of the board of directors' meetings, and annual report of the Company;
 - (3) a notice calling a shareholders' meeting and minutes of shareholders' meeting;
2. keep a report on conflicts of interest filed by a director or executive;
3. perform other acts as stipulated by the Capital Market Supervisory Board.

The Company Secretary will perform his/her responsibilities in compliance with his/her fiduciary duties, applicable law, the objectives, the articles of association of the Company, and the resolutions of the board of directors and the shareholders' meetings.

Recruitment and Appointment of Directors and Key Executives

Recruitment of Directors

The Board of Directors is responsible for the recruitment and nomination of qualified persons to be appointed by the Board of Directors and/or shareholders' meeting(s). The recruiting process looks to find people with leadership, vision and mission, ethics and good conduct, with a good work record; someone who can express opinion independently. The characteristics required will be determined by competency, experience, expertise that the Board of Directors lacks, and are consistent with the policies and strategies of the Company and the characteristics requirement of directors and independent directors as prescribed under the Public Limited Company Act, B.E. 2535 (including amendments), the Securities and Exchange Act, B.E. 2535 (including amendments), announcements of the Capital Market Supervisory Board and announcement of the Board of Governors of the Stock Exchange of Thailand.

Recruitment of Independent Directors

Qualifications of independent directors are as follows:

1. Cannot own more than one percent of total voting rights in the Company, parent company, subsidiaries, joint ventures, major shareholders, or any controlling parties of the Company, including any shares held by anyone related to the independent director.
2. Not currently be or previously been the Company's executive director, worker, employee, salaried consultants, or controlling parties of the Company, parent company, subsidiary, and affiliate, or major shareholder of the Company, unless it has been at least two years after the person held that position.
3. Not blood related or legally a father, mother, spouse, sibling, child, spouse of child of another director, management, major shareholder, any controlling party or anyone that will be nominated as a director, management or controlling party of Company or its subsidiaries.
4. Not currently or previously related to business of the Company, parent company, subsidiaries, joint ventures, major shareholders, or any controlling party of the Company, in a way that such relation may interfere with the person's having independent judgement; including not a nominee, or a person having control over anyone with business relations with the Company, parent company, subsidiary, affiliate, major shareholder or controlling party; unless it has been two years after the person held the position before being elected as independent director.
5. Not currently or previously the auditor of the Company, parent company, subsidiary, affiliate, major shareholder, controlling party of the Company; and not a nominee or controlling party or partners of the audit firm where the auditor of the Company, parent company, subsidiary, affiliate, major shareholder or controlling party of the Company works for; unless it has been two years after the person held the position before being elected as independent director.
6. Not currently or previously a professional advisor in any field, including legal consulting or financial advisor that received service fee more than 2,000,000 Baht per year from the Company, parent company, subsidiary, affiliate, major shareholder or controlling party of the Company; and not a nominee, controlling party or partner of service provider in that profession, unless it has been two years after the person held the position before being elected as independent director.
7. Not a director appointed to represent the Company's director, major shareholders or shareholder related to major shareholders.
8. Not operating any business of the same nature that implicitly competes with the Company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating under similar business nature that implicitly compete with the Company and subsidiary.
9. Not under any conditions that may impede the person from having independent views towards the Company's operation.

Recruitment of Senior Management

The Company has a policy to properly and transparently recruit senior management to ensure that a professional and knowledgeable person is recruited. The Board of Directors will recruit person with knowledge and

competency suitable for duties and responsibilities required, and propose the appointment of senior management to a meeting of the Board of Directors for approval in accordance with the Company's authorization regulation.

Oversight of Operation of the Company's Subsidiaries and Joint Ventures

The Board has set up policies to oversee operations of subsidiaries and affiliates as guide to control the operations of the subsidiary as if it were a part of the Company and/or monitor the operations of the subsidiary efficiently as follows:

1. The Company will dispatch a representative to its subsidiary or affiliate company by assigning a director (s) in proportion to shares held in each subsidiary or affiliate company, and/or as agreed among the shareholders of the subsidiary or affiliate. The dispatched representative will have to be approved by the Board of Directors taking into consideration the qualifications and experience suitable to the business operations of the subsidiary or affiliate company.

If the representative receives any compensation as a director of the subsidiary or affiliate, such compensation will have to be returned to the Company.

2. The person appointed as director to the subsidiary or affiliate has to work for the best interest of the subsidiary or affiliate, with the following important roles and responsibilities to the subsidiary or affiliate:
 - 2.1 Perform responsibilities in compliance with the law, objectives, rules and regulations, resolutions of the board of directors and shareholders' meetings, fiduciary duties and the Company's corporate governance policy.
 - 2.2 Before a resolution or voting on important matter of the subsidiary or affiliate is passed, approval of such matter by the Company's Board of Directors is required if such matter falls into a same kind of the Company's transaction that requires approval of the Board of Directors.
 - 2.3 Arrange for reviews and regular updating of important policies and business plan.
 - 2.4 Monitor the operations continually, and give advice on operation performance to ensure that the subsidiary or affiliate conduct business operation in accordance with goals set, and can deal with problems promptly and appropriately.
 - 2.5 Monitor and give necessary advice for establishing internal control system, risk management and operations system that are efficient and effective.
 - 2.6 If the subsidiary has a connected transaction or any transaction that could lead to a conflict of interest, the representative assigned as director of the subsidiary is responsible to oversee that the subsidiary strictly follows the rules on conducting connected transactions and acquisition or disposal of assets that were prescribed by regulatory agencies.
 - 2.7 Oversee there is adequate and appropriate disclosure of information.

Oversight of Insider Trading

The Company gives emphasis on protection of insider trading. The directors, management and employees are prohibited to disclose confidential and/or information of the Company which has not been disclosed to the general public or making use of such information for their benefits or benefits of other persons directly or indirectly regardless of whether they receive return for such actions, and to purchase or sell shares of the Company (“securities”) by using information of the Company that has not been disclosed to the general public. The Board of Directors set a guideline to protect insider trading as follows:

1. The directors and management of the Company are given training on duties to make report on securities holding by the management, their spouses and minor children to the Office of the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535 (including amendments) Company and concerned penalty under section 275 of the Securities and Exchange Act, B.E. 2535 (including amendments), and report on acquisition or disposal of securities holding by the management, their spouse and minor children to the Office of the Securities and Exchange Commission in accordance with Section 246 of the Securities and Exchange Act, B.E. 2535 (including amendments) Company and concerned penalty under section 298n of the Securities and Exchange Act, B.E. 2535 (including amendments).
2. The directors and management of the Company, their spouses and minor children are required to prepare and disclose report on securities holding and report on changes in securities holding in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535 (including amendments) Company and concerned penalty under section 275 of the Securities and Exchange Act, B.E. 2535 (including amendments), and submit a copy of the report to the Company on the same day of filing of such report with the Office of the Securities and Exchange Commission.
3. The directors, management and employees of the Company who are aware of material information of the Company which may affect changes in the securities price are required to abstain from purchasing or selling the securities from the last day of the quarter or during a period of 30 days before such material information is disclosed to the general public, and during 24 hours after the Company’s financial statements or such material information have been disclosed to the general public. The Company’s personnel concerned must not disclose such material information to other persons unless such information has been disclosed through the Stock Exchange of Thailand. A violation of this guideline is regarded as disciplinary fault under the Company’s work rules and subject to punishments from verbal warning, written warning, probation and termination of the employment.

Remuneration of External Auditors

For the year ended 31 December 2017, the Company paid to EY Office Limited, its auditor, remuneration of 2,200,000 Baht comprising audit fee of 2,000,000 Baht and non-audit fee of 200,000 Baht for review of report for submission to the Board of Investment.

No persons or business that is related to the auditors or the above audit firm are related to persons or any business of the Company.

Relationship with Financial Advisor

On 11 May 2017, the Company signed a loan agreement with TISCO Bank Public Co., Ltd. ("TISCO") to obtain a loan facility in a limit of 1,214,000,000 Baht (One billion, two hundred fourteen million Baht) to be used for repayment of the outstanding loans from the shareholders whereby TISCO was financial advisor for the Initial Public Offering of shares of the Company. According to the Company's financial statements, balance of the loan from TISCO as of 31 December 2017 was 1,208,520,902 Baht (One billion, two hundred eight million, five hundred twenty thousand, nine hundred two).

This loan agreement requires that the Company use proceeds from the IPO to repay the loan principal of about 43.68% of total balance of the loan, plus interest, fees and any other outstanding payments under the loan agreement whereas such loan repayment is not subject to prepayment fee.

Corporate Social Responsibility

Overall Policy

The Company realizes the importance of conducting business for sustainable growth with corporate social responsibilities. It strives to operate the business with good morals, ethics and care towards stakeholders, the economy, the society and the environment, and hopes that conducting of business with social responsibilities will benefit the public and the Company's business growth at the same time. The Company has established a social responsibility policy for all employees to follow which can be grouped into seven sections, as follows:

1. Fair Business Conduct

The Company aims to conduct business with honesty, fairness, good business ethics, and is determined to compete commercially in accordance with good business ethics, laws, and principles of fair trade competition, including refusing any acts that go against fair competition. The Company respects the intellectual property of others by requiring its employees comply with the law or regulations of intellectual property. The Company also has campaign projects to instill social responsibility for all employees,

2. Anti-Corruption

The Company operates its business on the basis of being transparent, ethical, adhering to good governance and in accordance with anti-corruption laws, and is not involved in giving or receiving unlawful bribes with government or private officials. The Company's organizational structure clearly separates duties and responsibilities, work process and line of command. This is to have check and balance and appropriate examination between functions. The Company has an anti-corruption policy for directors, management and employees, and its subsidiaries and affiliate to follow.

3. Respect for Human Rights

The Company supports and respects human rights by treating concerned parties including staff, the community and society with respect in value of human being, equal rights and freedom, not infringing on basic rights of anyone, and not discriminating against race, nationality, religion, gender, education, physical appearance, or social status. The Company sees to it that its business is not involved in violation of human rights. The Company supports monitoring its compliance with the human rights requirements by having those who have interests voice their opinions, arranging a channel for anyone who was violated in terms of human rights from the operations of the Company, and arranging for reasonable remedies.

4. Fair Treatment of Labor

The Company realizes the importance of development of human resource, and fair treatment to labor which is a factor that will increase business value, and promote competitive position and sustainable growth of the Company. The Company has set the following guidelines for fair treatment of labor:

- 1) Respect employees' rights by adhering to human rights and labor laws.
- 2) Arrange for recruitment, employment, terms of employment, remuneration, fair performance evaluation.
- 3) Promote human resource development by arranging training and conferences in various fields that are related to enhancing employees' knowledge and potential, including instilling good attitudes, morality, ethics, and teamwork.
- 4) Provide different employee benefit plans as required by law, such as social security; and not required by law, such as provident funds, health insurance, accident insurance, disability insurance, staff housing, emergency loans, housing loans, and different monetary assistance such as mortality allowance.
- 5) Provide yearly physical checkups for all employees, with consideration to risk factors according to age, gender and work environment.
- 6) Provide a safe environment and proper hygiene in the workplace by setting measures to protect accident and promote safety consciousness, training and promoting employees' good health and providing a healthy and safe work environment.
- 7) Give employees opportunities to express opinions or make complaints of unjust practices or incorrect acts in the Company, including protecting the complainant.

5. Accountability Toward Customers

The Company is determined to develop its customer service to achieve customer satisfaction, and be responsible and honest in dealing with customers. It oversees that the production process runs efficiently to deliver products according to quantity and time as agreed with the customer. If there is significant change in the production plan that may affect the delivery of products, the Company will discuss with the customer to minimize the impact.

6. Environment Preservation

The Company gives emphasis on being responsible to society by preserving the environment. The Company strictly follows the rules regarding environment protection, and support activities that preserve the environment by allocating personnel and funds to continually look after the environment, and coordinates such efforts with communities.

7. Community and Society Development

The Company recognizes its responsibilities towards communities and the society, and renders help to them through many channels, such as supporting education for youth by donating school supplies, giving scholarships; donating funds to public organizations for the public interest such as donations for improvement of equipment of police station for public service, donations for improvement of hospital equipment, and participating in religious activities.

Corporate Social Responsibility (CSR) Work and Reporting (CSR in Process)

The Company has implemented the CSR Policy as direction in setting the Company's operation process to ensure that employees at all levels realize and perform their duties under the CSR policy efficiently and in accordance with international standards, related laws and regulations.

The Company implemented systems for operations, e.g. quality management systems, ISO 9001 - International Organization for Standardization, environmental management, ISO 14001 - occupational health and safety management system and TIS/OHSAS 18001 - for work practices of its employees and all concerned stakeholders (TIS is Thailand's industrial standard specification of employees) taking into consideration its social responsibilities from the production stage, work process to improvement of plant sites.

By continually conducting business in a socially responsible manner, the Company received many awards, such as environmental management, labor relations, safety, occupational health and working environment, educational support, and energy savings from various governmental agencies that supervise the Company's business, such as the Ministry of Industry, Ministry of Labour, Ministry of Education, etc.

Projects that Benefit Society and the Environment (After Process)

The Company regularly has activities in social development in the fields of education, religion, environment and community activities, as follows:

Education

The Company promotes education for youths through projects that develop skills and broaden their worldview through the following projects:

Vocational Training Project – The Company invites speakers from the Vocational Training Center in Bangkok to conduct vocational training for youth in the community during school breaks, and provides equipment needed for the training, such as equipment for hair styling and for Thai massage. This gives them various vocational training opportunities other than the formal education, and the training can provide them with skills for a side-line job.

Support for the Montessori Method of Education Project – The Company supports a school that uses the Montessori method of education for children 3 – 6 years of age. This method is a child-centered educational approach where children learn through their five perceptual senses and work independently. The Company supplies the apparatus and renovates buildings to make them suitable for this learning method and improves surroundings of the school. This gives the children a solid foundation for learning that is also in accordance to the standards of the Ministry of Education.



Sufficient Agricultural Project – The Company has set up a small area of four rai of land for a project at a school in Thap Kwang Songkro 1 community in Saraburi province. They grow crops using different methods and use underground water for the students to learn sufficient agriculture, following the initiatives of King Rama 9, including learning different agricultural technologies.



Sufficient Agricultural Farming

Other than the mentioned projects, the Company also gives support in other areas, such as constructing hospital rooms in schools, awarding scholarships, and supporting other projects in community schools.

Religion

The Company regularly supports religious activities, such as donating funds on important religious occasions, such as Buddhist Tod Pa Pa and Tod Kathin, renovation of religious places, and cleaning of temple grounds.



Environment

The Company started a reforestation project to preserve the environment, in celebration of the anniversary of its opening date. Other activities included lung and eye checkups for communities around the Company’s mines and lime plants, and having vacuum dust vehicles to clean area along the product transportation routes of the mines and plants.



Community Activities

The Company supports the development of communities surrounding and nearby its mines and plants, including pipe water improvements, construction of yard surrounding the hospital at Thap Kwang sub-district for convenience for all who come to the hospital, construction of community hall, expansion of kitchen at the community pavilion, and promoting the Thai folk way of exercise for seniors in the community.



Anti-Corruption Policy

The Company is determined to conduct business honestly, transparently and fair, under good governance, and be accountable to society. The Company is firm in its value of being against corruption and all forms of bribery, whether direct or indirect, and has set an anti-corruption policy for all employees to adhere to as follows:

- 1) Not be corrupt or be part of any form of corruption, whether direct or indirect.
- 2) Be cautious when dealing with receiving and giving gifts or any other benefits, and entertaining. Such transaction is taken for business purposes and has proper value that would not influence any business decisions.
- 3) Put in place internal control systems and effective and appropriate risk assessment to prevent corruption on a regular basis. Review and assess risk arising from operations that may instigate corruption.
- 4) Have transparent and accurate financial statements in accordance with internationally-accepted accounting standards.
- 5) Have human resource management, from recruitment to taking care of employees with emphasis on the Company's anti-corruption policy.
- 6) Have a communication channel that allows employees to inform the Company of any evidence, suggestions and complaints in relations to corruption, whereby the informant must be protected fairly.
- 7) Conduct business operation in consistent with the law relating to anti-corruption in all countries that the Company has businesses in.
- 8) If any employee violates or does not comply with the Company's anti-corruption policy, whether directly or indirectly, disciplinary actions of the Company will be applied or legal penalties enforced.

It is every employee's responsibility to understand and comply with the Company's anti-corruption policy. The employee is to inform superiors immediately if any such corruption act occurs.

Internal Control and Risk Management

Opinion of the Board of Directors

At a meeting of the Board of Directors No. 6/2560 held on 15 August 2017 which the three members of the Audit Committee attended, the Board of Directors assessed adequacy of the Company' s internal control systems by asking information from the management and concerned units, and considering self-assessment of the Company' s internal control by the management which had been considered by the Audit Committee. From the results of the assessment of the Company' s internal control systems in five areas comprising:

- 1) internal controls,
- 2) risk assessment,
- 3) operation control,
- 4) information systems and communication,
- 5) monitoring system,

the Board of Directors was of opinion that the Company' s internal control systems were sufficient and appropriate whereas the Company had suitable personnel to operate the internal control systems efficiently, and sufficient internal control systems to oversee and monitor business operation of the Company' s subsidiaries to prevent the inappropriate use of corporate assets by the Company' s directors or management or by unauthorized persons, and transactions between the Company and persons that may have conflict of interest. The Board of Directors was also of opinion that the Company' s had adequate internal controls in other areas.

Opinion of Internal Auditor on the Company' s Internal Control Systems

The Company engaged ANS Business Consultant Company Limited (ANS) as its internal auditor from 17 December 2015 whereas Mr. Amornpong Nualwiwat, Consulting Director of ANS is responsible as a person in charge of internal audit of the Company.

The Audit Committee is tasked with overseeing independency of the internal audit unit and approving appointment, change or dismissal of the Company' s internal auditor or outsourced internal audit service. At a meeting of the Audit Committee No. 4/2560 held on 15 August 2017, the Audit Committee considered qualification of Mr. Amornpong Nualwiwat and was of opinion that he is independent and suitable to be responsible for internal auditing the Company.

ANS conducted audit of the Company' s internal control systems during February 2016 to April 2016 at the Company' s office in Bangkok, Kaeng Koi Plant, Phra Phutthabat Plant and Rayong Plant covering 9 operation processes which comprised sales, product research and development, inventory management, procurement, production and distribution, finance and accounting, information technology, fixed assets and equipment management and human resource management. It submitted report on results of the internal audit dated 15 June 2016 which included findings from the internal audit and recommendations on improvement of the operation processes to a meeting of the Board of Directors No. 3/2559 held on 3 August 2016.

The Company consistently improved its internal control according to the observations and recommendations by ANS. It coordinated with ANS to audit the progress of Company's internal control process in February and March 2017. On 27 July 2017, ANS submitted an audit report on the progress of internal control of the Company to the Audit Committee Meeting No. 4/2560 dated 15 August 2017, with progress reports on needed improvements as follows:

Recommendations from Internal Auditor	Work Progress from Internal Audit Report as of 27 July 2017
Sales Process	
1. Customer database recordings <ul style="list-style-type: none"> ● Customer Master File was recorded, approved and updated by one person. ● There was no manual for setting customer code and input of main customer data to the system. 	<p>The Company set up approval needed for access to customer database, and set who could input data by separating person who could approve data from person who input changes. Access to the customer database by Logistics and Accounting departments was also separated. The operation manual for database recordings was finished in June 2017.</p> <p>ANS performed random checks and found the database recordings to be correct, and approval authority was in-line with the Company's authorization regulation.</p>
2. Sale Order in the AX system was prepared, approved, and updated by one person, and data in the AX system could not be linked to generate Sales Order.	<p>The Company improved the AX system to be able to generate and approve "purchase orders from customers/request for product distribution" (Sales Approve) by linking data to generate Sales Order. This was finished in May 2017.</p> <p>The Company finished the operation manual on preparation of Sales Approve and Sales Order.</p> <p>ANS performed random checks and found preparation and approval of the input of t purchase orders from customers/request for product distribution to be correct, and approval authority was in-line with the Company's authorization regulation.</p>
Product Development Process	
3. Research and improvement of products from customers' requests. <ul style="list-style-type: none"> ● Production plan was reviewed by manager of product research and development division but was not signed off on the form. However, the operation manual does not require a signature. 	<p>The Company improved format of the form by deleting approval signature to be consistent with the operation manual. The new form was used in March 2017,</p>

Recommendations from Internal Auditor	Work Progress from Internal Audit Report as of 27 July 2017
<ul style="list-style-type: none"> “Summary of Testing Results” form was prepared to submit to customer but there was no acknowledgement signature from project approver/customer. 	<p>The Company improved format of the form to include column for signatures from the customer and commercial department, acknowledging the results of the testing. This form was used in March 2017, stressing that signatures from commercial department and from customer are required after each testing.</p>
<p>4. Maintaining record on information of product research and development</p>	
<ul style="list-style-type: none"> There was no operation manual on maintaining information of product research and development on important topics, e.g. setting codes for projects, data needs to be collected, backup of data, etc. Data was kept on each officers’ personal computer without any backup. 	<ul style="list-style-type: none"> The Company has produced a manual for the maintenance of record on information of product research and development, kept on the server. This was finished in July 2017. The Company started backing up data from March 2017.
<p>Inventory Management Process</p>	
<p>5. There was no approval authority set up for product donations or taking out products for use within the company.</p>	<p>The Company reviewed and announced approval authority for product donations in January 2017. It updated authority approval for product usage within the Company in May 2017.</p>
<p>6. Claims process was not concise, e.g. no return of items in the system, no register of claimed items.</p>	<p>The Company has improved the work process, and prepared a manual on claims and started using it in April 2017.</p>
<p>7. Warehousing and Stock-taking of inventory</p> <ul style="list-style-type: none"> Thap Kwang Quarry / Kaeng Khoi Plant – locations specified in the system were not actual location where inventory is kept. Phra Phuthabat Plant – locations specified in the system were not actual location where inventory is kept. Rayong Plant – There was no location of where inventory is kept in the system. Inventory was kept at different locations with insufficient control, and there is insufficient control of inventory outside of warehouse. 	<p>The Company was in process of recording data on the system which will be done in 2017</p> <p>The Company recorded the actual location of where inventory was kept on the system.</p> <p>The Company stored inventory in inventory warehouse, and recorded actual location of where inventory was kept on the system.</p>

Recommendations from Internal Auditor	Work Progress from Internal Audit Report as of 27 July 2017
Information Technology Process	
<p>8. There was no manual on important matters, e.g.</p> <ul style="list-style-type: none"> ● backup and testing of backup data; ● testing of system logs and recording of the testing results; ● testing of working status of server and daily equipment, and recording of the testing results; ● disaster plan. 	<p>The Company produced an operations manual as recommended, except for the disaster plan manual which will be finished in 2017.</p>
<p>9. The Company has not set up a High Privilege Account, no assignment of a new Administrator account, having two System Administrator accounts with equal access. Time of access is not recorded, password is not changed after each use, data changes and access of Admin User is not recorded.</p>	<p>The Company assigned Assistant Vice President of IT to keep the Administrator password in a sealed envelope in a secure place. The password is to be changed after each use. This was finished in April 2017.</p>
<p>10. Disaster Plan</p>	<p>The Company was in the process of negotiating a contract with an outside party, and expected that the disaster plan to be finished in 2017.</p>
<p>11. IT Operations Development</p> <ul style="list-style-type: none"> ● There was no documentation of IT updates to system for future maintenance reference. ● There was no control of the register of the system and the source code. ● To set a clear plan on the expansion of IT Service program to plants in Kaeng Khoi, Thap Kwan and Rayong. 	<p>The Company has prepared documents for approving the IT development project.</p> <p>The Company has assigned Assistant Vice President of IT to be the only person to register the system from June 2017.</p> <p>The Company set up and implemented the plans, and started using the IT Service program in all plants from March 2017.</p>

For audit plan of 2017, ANS conducted audits of the sales process from 13 through 20 September 2017, and submitted its findings to the Board of Director's meeting No. 5/2560 held on 9 November 2017. It conducted audit of the finance and accounting process from 4 through 21 December 2017, and submitted its findings to the Board of Directors' meeting No. 1/2561 held on 27 February 2018. ANS is in the opinion that the sales process and the finance and accounting process have proper internal control with no material deficiencies; but have the following recommendations for improvement:

Improvement Recommendations from Internal Auditor	Management Response/ Progress of Actions
Sales Process	
1. The authorization regulation on approval authority of procurement does not cover procurement of finished goods <ul style="list-style-type: none"> ● There were purchase of finished goods for sales to domestic market but there is no approval authority for such purchase. 	The Company will amend the authorization regulation on approval authority of procurement to cover purchase of finished goods. While the to-be-amended approval authority of procurement has yet to be authorized by the board of directors, the management concerned has obtained approval from the Chief Executive Officer to adopt approval authority of procurement under the authorization regulation, item 2.2 regarding procurement of other items including capital and non-capital expenditure, for the purchase of finished goods with effect on 1 November 2017 until the to-be-amended approval authority of procurement is effective.
<ul style="list-style-type: none"> ● There were procurement transactions approved in the AX system by persons with approval authority not in accordance with the authorization regulation. 	The Company has set up approval authority in the AX system in accordance with the authorization regulation.
2. Minutes of every meeting of Commercial Division should be kept for further follow-up at the next meeting.	The Company has kept minutes of meeting of Commercial Division.
3. Credit limit for every customer should be set up in the AX system timely so that the control of delivery of goods within credit limit could be done by the system instead of by manual.	The Company completed the set-up of credit limit for every customer in the AX system in November 2017.
Finance and Accounting Process	

Improvement Recommendations from Internal Auditor	Management Response/ Progress of Actions
<p>4. Signing and Approving of some accounting documents is not in accordance with the authorization regulation. Despite of no impact from such actions, it is recommended that such signing and approving of accounting documents as listed below be taken in accordance with the authorization regulation.</p> <ul style="list-style-type: none"> ● Authorized person for signing debit notes or credit notes is department manager, but the signing was done by section manager. ● Authorized person for approving cash receipt vouchers is section manager of finance department, but the approval was done by section manager of cost accounting in case of receipt vouchers for sales at plant on cash basis, and by supervisor of financial accounting for receipt vouchers for domestic and foreign sales. 	<p>The Company will review the authorization regulation concerning such approval authority to ensure proper approval authority and oversight is in place.</p>
<p>5. Settlement of cash advances to staff is delayed from required period of settlement. It is recommended that the follow-up of outstanding cash advances be made properly and systematically, e.g., a follow-up should be made when settlement of cash advance is due instead of monthly follow-up, a report on the follow-up status of overdue cash advance should be made to superior of staff who has overdue cash advance, new cash advance should not be allowed if there is outstanding overdue advance, etc.</p>	<p>The Company follows up staff who has overdue cash advance to expedite settlement of the overdue amounts. It also reviews and amends a manual of cash advances to include proper process of requisition and settlement of cash advance, and follow-up of the settlement.</p>

External Auditor's Opinion on the Internal Control System of the Company

EY Company Limited, the Company's Auditor, has given its observations on the Company's internal audit system for the year ended 31 December 2017. The management has implemented the auditors' recommendations with the following responses:

Observations from Auditors	Recommendations from Auditors	Management Response / Progress of Action
Inventory and Cost of Sales Processes		
<p>The Company does not have any inventory analysis report that shows inventory details such as dead stock, outdated stock, damaged goods, etc.</p>	<p>The Company should produce an inventory analysis report every quarter to be able to monitor the movement of inventory and track inventory with unusual movements. There should be review of such report to increase quality of inventory control and management, and a policy set up for provision for diminution in value of inventories appropriate to condition of stock and market situation.</p>	<p>The Company produced an inventory analysis report on aging days in inventory from 2018 onwards, and will produce such report every quarter onwards. The Company will set policy on provision for diminution in value of inventories appropriate to condition of stock and market situation.</p>
Transactions between Related Companies		
<p>The Company has increased international operation transactions and many business transactions within the group of companies such as sales and purchase of goods, services rendered, management services, lending of funds. However, a proper policy and documentation on transfer pricing for significant business transactions within the group of companies including with related parties has not been set up.</p>	<p>The Company should set up proper policy and transfer pricing in accordance with announcement by the Revenue Department, and should review the policy consistently and ensure that it complies with laws and concerned regulations to avoid tax burden that may be borne by the Company.</p>	<p>The Company will consider setting a transfer pricing policy properly and reviewing it consistently.</p>
General Control of Information Technology System Related to Accounting System		
<p>From a review of the access into the system, it was found that the Company has not reviewed record</p>	<p>Information Technology Division should set up regulation and manual on reviewing significant safety issues of the system on consistent basis and work</p>	<p>The Company has installed equipment which identify, collect, and summarize information on significant safety issues and the system administrator makes</p>

Observations from Auditors	Recommendations from Auditors	Management Response / Progress of Action
on significant safety issues of the system.	procedure to deal with access violation including recording and collecting evidence of the violations. Period of such review depends on types of information to be protected.	reports on how to deal with the significant safety issues to the superior for further inspection and analysis at least once a month.

Connected Transactions

Connected Transactions Between the Company and Parties that May have Conflict of Interest

Connected transactions between the Company and parties that may result in conflict of interest, for the years ended 31 December 2016 and 2017 were as follows:

(1) Mr. Adisak Lowjun (“Mr. Adisak”)

Mr. Adisak is a director and shareholder of the Company, with direct and indirect shareholdings of 9.86% of the Company’s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinion of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Cash advance	0.02	-	The Company advanced cash to Mr. Adisak for a business trip abroad. He submitted the documents relating to the expenses for the trip, and returned balance of advance on 28 June 2017.	The transaction was for flexibility while working, and was actual expenses. The unused portion was to be returned in full. However, balance of the advance was returned late according to Company’s regulation. The concerned person was told to follow the Company’s rules in a stricter manner. Therefore, the transaction was considered reasonable.
Revenue from disposal of vehicles	-	1.73	The Company sold Mr. Adisak’s company car to himself as the vehicle was fully depreciated, using price referenced from the salvage value of the car at the end of rental contract.	The transaction related to the Company’s asset. Selling price of the car was set based on market price, and Mr. Adisak fully paid for the vehicle. Therefore, the transaction was reasonable and for the Company’s interest.

(2) Mr. Suthep Uacherdkul (“Mr. Suthep”)

Mr. Suthep is a director and shareholder of the Company, with direct and indirect shareholdings of 5.23% of the Company’s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Short-Term loan	Beginning balance 15.00 Borrow - Pay back (15.00) Balance -	-	<p>The Company received a loan from Mr. Suthep to use as working capital by issuing a promissory note of Baht 15 million for borrowing period from 24 December 2015 to 5 January 2016, with interest rate of 6.50% per year. The interest rate was referenced from normal lending interest rates that commercial banks charge its prime major customers.</p> <p>On 5 January 2016, the Company fully repaid the loan to Mr. Suthep.</p>	<p>The transaction was financial assistance from a director and management of the Company for it to use as working capital. The interest rate was the normal loan rate. Therefore, the transaction was reasonable and for the Company’s interest.</p>
Interest paid	0.03	-		

(3) Mr. Chareon Churekanont (“Mr. Chareon”)

Mr. Chareon is a director and shareholder of the Company, with direct and indirect shareholdings of 5.85% of the Company’ s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Short-Term loan	Beginning balance 15.00	-	<p>The Company received a loan from Mr. Chareon to use as working capital by issuing a promissory note of Baht 15 million; for period from 28 December 2015 to 5 January 2016, with interest rate of 6.50% per year. The interest rate was referenced from normal lending interest rates that commercial banks charge its prime major customers.</p> <p>On 5 January 2016, the Company fully repaid the loan Mr. Charoen.</p>	<p>The transaction was financial assistance from a director and management of the Company for it to use as working capital. The interest rate was the normal loan rate. Therefore, the transaction was reasonable and for the Company’ s interest.</p>
	Borrow -			
	Pay back (15.00)			
	Balance -			
Interest paid	0.02	-		

(4) Miss Korakot Srivikrom (“Miss Korakot”)

Miss Korakot is a director and shareholder of the Company, with direct and indirect shareholdings of 1.21% of the Company’s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Short-Term loan	Beginning balance - Borrow 20.00 Pay back (20.00) Balance -	-	The Company received a loan from Miss Korakot to use as working capital by issuing a promissory note of Baht 20 million; for period 5 January 2016 to 31 March 2016, with interest rate of 11.00% per year. The interest rate was jointly decided and was close to the overdraft interest rate that commercial banks charge the general public. On 29 March 2016, the Company fully repaid the loan to Miss Korakot.	The transaction was financial assistance from a shareholder of the Company for it to use as working capital. The interest rate was the rate necessary at the time. Therefore, the transaction was reasonable.
Interest paid	0.52	-		

(5) Mr. Charn Srivikorn (“Mr. Charn”)

Mr. Charn is a director and shareholder of the Company, with direct and indirect shareholdings of 1.21% of the Company’s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Comments of Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Short-Term loan	Beginning balance -	-	<p>The Company received a loan from Mr. Charn to use as working capital by issuing a promissory note of Baht 10 million; for period from 5 January 2016 to 31 March 2016, with interest rate of 11.00% per year. The interest rate was jointly decided and was close to the overdraft interest rate that commercial banks charge the general public.</p> <p>On 29 March 2016, the Company fully repaid the loan to Mr. Charn.</p>	<p>The transaction was financial assistance from a shareholder of the Company for it to use as working capital. The interest rate was the rate necessary at the time. Therefore, the transaction was reasonable.</p>
	Borrow 10.00			
	Pay back (10.00)			
	Balance -			
Interest paid	0.26	-		

(6) Mr. Jirawat Tunlayadechanont (“Mr. Jirawat”)

Mr. Jirawat is the son of Mr. Suwat Tunlayadechanont who is a director and shareholder of the Company. Mr. Jirawat had direct and indirect shareholdings of 0.17% of the Company’s paid-up capital (as of 31 December 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Ended 31 December 2016	Ended 31 December 2017		
Payment for promotional media material	-	0.02	The Company hired Mr. Jirawat to photograph and video Thap Kwang quarry and Kaeng Khoi Plant in Saraburi province, and hydrated lime plant in Rayong province for public relations work of the Company. This was a one-time assignment, and the fee was the normal market rate.	This transaction was support work for the company and occurred only once. The fee charged for photography and video work was within the normal market rate. Therefore, the transaction was reasonable and for the Company’ s interest.

(6) Buranachart Company Limited (“Buranachart Co., Ltd.”)

Buranachart Co., Ltd. is a shareholder of the Company and holds 35.02% of the Company’s paid-up capital (as of 31 December 2017). Three persons are also directors of both companies, namely: Mr. Adisak Lowjun, Mr. Suthep Uacherdkul and Mr. Chareon Churekanont.

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Short-Term loan	-	Beginning - Borrow 1,214.00 Pay back (1,214.00) Balance -	The Company received a short-term loan from Buranachart Co. Ltd. in the amount of Baht 1,214.00 million, to repay loan from a commercial bank by issuing a Promissory Note, dated 9 May 2017 with interest rate of 5.76% per year. The interest rate was referenced from average of interest rates of term-loan for prime major customers charged by four large commercial banks minus 0.50%. Such interest rate was a similar rate the Company receives from other commercial banks. On 9 June 2017, the Company fully repaid the loan to Buranachart Co., Ltd.	The transaction was financial assistance and was necessary. The Company used the loan to repay loan from a commercial bank. The interest paid was the normal rate for loans. Therefore, the transaction was reasonable and for the Company’s interest.
Interest paid	-	5.89		

(7) Tiehongha Siripanich Company Limited (“Tierhongha Siripanich Co., Ltd.”)

Mr. Charoen who is a director and shareholder of the Company, with direct and indirect shareholdings of 5.85% of the Company's paid-up capital (as of 31 December 2017) is the managing director and major shareholder of Tierhongha Siripanich Co., Ltd, holding 92.50% of the paid-up capital of Tierhongha Siripanich Co., Ltd. (as of 30 April 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Ended 31 December 2016	Ended 31 December 2017		
Payable relating to purchase of construction materials	0.14	-	The Company purchased ready-made floorings from Tierhongha Siripanich Co., Ltd. to use as construction material for buildings and related construction work for lime kiln at Kaeng Khoi Plant in Kaeng Khoi district, Saraburi province. Tiehongheng Siripanich Co., Ltd. could deliver the needed small quantity at short notice, and charged similar price and payment terms to what the Company received from other suppliers.	The transaction was the Company's normal business transaction with price and payment conditions similar to what the Company received from other suppliers. Therefore, the transaction was reasonable and for the Company's interest.

(8) Rayong Mongkolchai Company Limited (“Rayong Mongkolchai Co., Ltd.”)

Mr. Suthep who is a director and shareholder of the Company, with direct and indirect shareholdings of 5.23% of the Company’s paid-up capital (as of 31 December 2017) is a director and major shareholder of Rayong Mongkolchai Co., Ltd., holding 50% of the paid-up capital of Rayong Mongkolchai Co., Ltd. (as of 30 April 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2016		
Payment for construction materials	0.13	0.12	The Company purchased construction material and equipment from Rayong Mongkolchai Co., Ltd. to use in its hydrated lime plant in Rayong. Rayong Mongkolchai Co., Ltd.’s price and payment terms were similar to what the Company received from other suppliers.	The transaction was the Company’s normal business transaction with price and payment conditions similar to what the Company receives from other suppliers. Therefore, the transaction was reasonable and for the Company’s interest.
Trade payable	-	0.005		
Revenue from sales of hydrated lime	-	0.007	The Company sold hydrated lime to Rayong Mongkolchai Co., Ltd. for use in their business at selling price and conditions of payment similar to sales to other customers of the Company.	The transaction is a normal business transaction of the Company, with price and conditions of payment similar to sales to other customers of the Company. Therefore, the transaction was reasonable and for the Company’s interest.
Trade receivable	-	-		

(9) Legal Advisory Council Limited (“Legal Advisory Council Co., Ltd.”)

Mr. Pornprom Kamchanachari who is a director of the Company is a director and shareholder of Legal Advisory Council Co., Ltd., holding 22.50% of the paid-up capital of Legal Advisory Council (as of 28 April 2017).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness	Opinions of the Audit Committee
	Year Ended 31 December 2016	Year Ended 31 December 2017		
Legal advisory service fee	0.71	0.92	<p>The Company engaged Legal Advisory Council Co., Ltd. as its legal advisor with the following scope of work:</p> <ul style="list-style-type: none"> ▪ prepare the Company' s corporate documents; ▪ legal work for the Company's reorganization to convert into a public company limited. ▪ due diligence service <p>Fees charged by Legal Advisory Council Co., Ltd. were standard fees charged to other clients and were the normal market rates.</p>	<p>The transaction was the Company's normal business transaction that the Company requires legal advice. Legal Advisory Council Co., Ltd. has been the Company's legal advisor for a long time and knows and understands the Company well so it can service the Company efficiently. The fees charged were standard fees as what is charged to other clients and were the normal market rates. Therefore, the transaction was reasonable and for the Company' s interest.</p>
Legal advisory fee payable	-	-		

Approval Process for Connected Transactions

The Audit Committee will review and give opinion on connected transaction between the Company and party who may have a conflict of interest, for the best interest of the Company. If the Audit Committee has no expertise to review connected transaction, the Company will obtain opinion from independent expert or the Company's auditor on such connected transaction, as information for the consideration and decision of the Audit Committee and/or the Company's Board of Directors and/or the Company's shareholders. Party that may have conflict of interest cannot vote on approving the connected transaction.

Policy on Connected Transactions

As a guideline for executing any connected transactions of the Company and its subsidiaries transparently with no conflict of interest, and for the best interest of the Company and its shareholders, the Company set the following as guidelines for connected transactions of the Company:

1. Directors and management of the Company must prepare a written report on one's own or one's related party's conflict of interest, and inform the Company so that it could obtain information needed for further proceedings in relation to connected transactions in accordance with applicable laws and regulations.
2. Avoid connected transactions that may result in conflict of interest.
3. If it is necessary for the Company or its subsidiaries to enter into connected transaction, all such transactions must be approved by the Audit Committee, the Board of Directors, or the shareholders' meeting (whichever is applicable), except for transactions under trade agreement with general terms and conditions that the received prior approval from the Board of Directors in principle.
4. Comply with the securities and exchange laws, rules and regulations, announcements, and orders of the Capital Market Supervisory Board, and the Stock Exchange of Thailand.
5. Set the pricing and conditions of connected transaction on an arm's length basis which must be fair, reasonable and for the best interest to the Company. If there is no such price, the Company will make comparison of product price or service fee of the connected transaction with third parties under the same or similar conditions.
6. Party of the connected transaction that has conflict of interest cannot approve or vote on such transaction.
7. In consideration of the connected transactions, the Company or its subsidiaries may appoint an independent appraiser to assess and compare prices of major connected transaction to ensure that such connected transaction is reasonable and for the best interest of the Company.

Connected Transactions in the Future

The Company foresees that connected transactions with directors, major shareholders and persons that may have a conflict of interest will still occur in the future, depending on business needs. Such transactions include:

1. Normal Course of Business

- 1.1 Hiring of consultants from Legal Advisory Council Company Limited. The transaction was necessary to support the Company's business. The fees charged were standard market rates with normal payment conditions as what is charged to other customers. The Company believes that in the future, this type of transaction will regularly occur as necessary.
- 1.2 Purchasing construction materials from Tiehongha Siripanich Co., Ltd. and Rayong Mongkolchai Co., Ltd. This transaction was necessary to support the Company's business. The price and payment conditions were similar to what the Company receives from other suppliers. The Company believes that in the future, these types of transactions will still occur as necessary.
- 1.3 Advancing cash to director and management of the Company. This transaction was necessary to support the Company's business, and for operation flexibility. The Company believes that in the future, this type of transaction will still occur as necessary. The Company set regulations on cash advance to enforce proper control of cash advance.

2. Financial Assistance Transactions

Financial assistance transactions included loans from directors, shareholders and person who may have a conflict of interest, namely: Mr. Suthep, Mr. Chareon, Miss Korakot, Mr. Charn and Buranachart Co., Ltd. The Company expects that after it is listed on the Stock Exchange of Thailand, such transactions will not occur.

In entering into the above connected transactions, the Company will follow the Securities and Exchange Act B.E. 2535 (including amendments and updates), regulations, announcements, orders or The Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand, including policies and related announcements of the Company, i.e. business ethics, connected transaction policy and announcements on guidelines on connected transactions between the Company and directors, management or related parties which are business transactions with common terms and conditions.

Report on the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of the Company is responsible for the financial statements of Chememan Public Company Limited and its subsidiaries, which have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2547. The Board considers the accounting policies adopted are appropriate with the business, and have been applied consistently, with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements of the Company and expressed an unqualified opinion in the auditor's report.

The Board oversees and reviews the corporate governance as well as establishes and maintains an adequate and appropriate risk management system and internal control system to ensure that accounting records are accurate, complete, and timely and that the Company's assets are properly safeguarded against fraud and material operational irregularities. The Board has appointed an Audit Committee, consisting of independent directors, to review that the financial reports, and internal control system and internal audit are appropriate and effective. The Audit Committee's opinions are reported in its report in the Company's annual report.

The Board are in the opinion that the internal control system and internal audit of the Company can reasonable assure that financial statements of Chememan Public Company Limited and its subsidiaries present fairly, in all material respects, the financial position of the Company and its subsidiaries, their financial performance and cash flows in accordance with Thai Financial Reporting Standards.

On behalf of the Board of Directors

---- Chandchutha Chandratat ----

M.L. Chandchutha Chandratat

Chairman of the Board of Directors

The Audit Committee's Report

Dear Shareholders

The Audit Committee of Chememan Public Company Limited is comprised of three qualified independent directors who have experience in legal matters, accounting and finance, engineering and management. They are Mr. Pornprom Kanchanachari who is the Chairman of the Audit Committee, Miss Amata Issarangura Na Ayudhaya and Mr. Yarnsak Manomaiphiboon who are members of the Audit Committee. Mrs. Nisaluck Mungpalchol, Vice President of Finance and Accounting, is served as the secretary to the Audit Committee.

The Audit Committee has independently performed its duties as assigned by the Company's Board of Directors and as prescribed in the Audit Committee Charter in accordance with rules stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The duties include review of financial statements, connected transactions, risk management, internal control systems, supervision of internal auditing, review of compliance with laws and regulations related to the Company's domestic and overseas operations, appointment of external auditors and review of the audit fee. In 2017, the Audit Committee held 5 meetings and performed its duties as summarized below:

1. Review of financial statements

The Audit Committee reviewed the quarterly and annual financial statements of the Company and its subsidiaries for the year of 2017, with related members of the management and the external auditors present at the review meetings to clarify and answer questions of the Audit Committee regarding accuracy, completeness, adequacy of information disclosed in the financial statements, adjustments that materially affected the financial statements, and the observations of the auditors. The Audit Committee was of the opinion that the financial statements present the Company's financial position fairly in all material respects in accordance with Thailand's financial reporting standards, complete, timely, reliable and beneficial to investors and users of the financial statements. In addition, the Audit Committee convened meeting specifically with the external auditors, without the management present, to discuss information of materiality and internal control systems related to accountancy and financial reporting and other relevant matters, including obstacles to their operation. The Audit Committee found that the auditors were given full cooperation from the management and provided with operational independence. Moreover, the external auditors were knowledgeable with experience and expertise commensurate with their duties as auditors.

2. Review of connected transactions or transactions that may result in possible conflicts of interest

The Audit Committee reviewed connected transactions, particularly those posing potential conflicts of interest under announcements by the SET and the SEC. The review of connected transactions between the Company and relevant parties revealed that the Company's conduct of business was in accordance with normal business practices, fair, and did not facilitate transfer of interest. In addition, its disclosure of information was complete, sufficient, and in compliance with the Company's corporate governance policies and announcement by the SET.

3. Review of internal control assessment

The Audit Committee reviewed the Company's internal control systems according to the SEC's and SET's guidelines. The Audit Committee also considered scope of work, roles and responsibilities, and independence of Internal Audit unit. Moreover, annual internal audit plans which were based on risk assessment and scope of business processes were approved. From the results of the audits conducted by the internal auditors and the external auditors of the Company, no critical weaknesses in the Company's internal controls were found. In addition, the Company's management has implemented improvements of its internal control systems as recommended by the Audit Committee, the internal auditors, and the external auditors consistently. This demonstrates that the Company gives emphasis on the internal control, which can be reasonable assurance that the Company has adequate internal controls.

4. Review of legal compliance

The Audit Committee oversaw that the Company operates in accordance with the Company's business processes, rules and regulations of the SEC and the SET and other laws relevant to the Company's business operations to ensure that the Company's operation complies with relevant laws and regulations appropriately. In 2017, no case of violation of relevant laws and regulations was found in the Company.

5. Appointment of the external auditors and review of the audit fee for 2018

The Audit Committee considered selection of the Company's external auditor based on their performance, independence, qualifications, skills, competency, experience, and the service rendered for the Company in the previous year as well as the audit fee, and recommended the Board of Directors to nominate to the 2018 Annual General Meeting of Shareholders to appoint auditors from EY Office Limited as the Company's auditor for 2018. The auditors to be appointed were Mr. Kritsada Lerdwana, Certified Public Accountant, registration no. 4958; or Mr. Termphong Opanaphan, Certified Public Accountant, registration no. 4501; or Mrs. Ponnard Paocharoen, Certified Public Accountant, registration no. 5238. The nominated auditors have no relation or conflict of interest with the Company, its management, its shareholders or concerned parties that may affect the auditors' independence to perform their duties.

In summary, in 2017, the Audit Committee sufficiently maintained its independence and fulfilled its duties in monitoring the Company's operation with proficiency in accordance with the roles and responsibilities prescribed in the Audit Committee Charter. The Audit Committee was of the opinion that the Company's financial statements reliably present information, in all material respects, in accordance with general financial reporting standards with adequate disclosure of connected transactions or transactions that may result in possible conflicts of interest and that the Company has good corporate governance, appropriate risk management, sufficient internal control systems, and fully complies with all the laws, rules, and regulations relevant to the operation of the Company.

On behalf of the Audit Committee

--- Pornprom Karnchanachari ---

Mr. Pornprom Karnchanachari

Chairman of the Audit Committee

Important Financial Information

Financial Statements and the Auditor' s Report

The Company' s consolidated financial statements for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 were audited by Miss Thipawan Nananuwat, Certified Public Accountant (Thailand) No. 3459, EY Office Limited.

(1) Summary of the Auditor' s Report on the Financial Statements for the Year Ended 31 December 2015

It is the Auditor' s opinion that the financial statements referred to above present fairly, in all material respects, the financial position of Chememan Public Company Limited and its subsidiaries and of Chememan Public Company Limited as of 31 December 2015, their financial performance and cash flows for the year then ended in accordance with the Thai Financial Reporting Standards.

The Auditor drew attention to Note 2.2 to the financial statements (change in basis for preparing the Statements) and Note 4 (cumulative effects of changes in accounting policies due to change in basis of presentation of the financial statements) that during the year 2015, the Company and its subsidiaries changed the basis used in preparation of the financial statements by using the Thai Financial Reporting Standards in place of The Thai Financial Reporting Standards applicable to non-publicly accountable entities.

(2) Summary of the Auditor' s Report on the Financial Statements for the Year Ended 31 December 2016

It is the Auditor' s opinion that the financial statements referred to above present fairly, in all material respects, the financial position of Chememan Public Company Limited and its subsidiaries and of Chememan Public Company Limited as of 31 December 2016, their financial performance and cash flows for the year then ended in accordance with the Thai Financial Reporting Standards.

(3) Summary of the Auditor' s Report on the Financial Statements for the Year Ended 31 December 2017

It is the Auditor' s opinion that the financial statements referred to above present fairly, in all material respects, the financial position of Chememan Public Company Limited and its subsidiaries and of Chememan Public Company Limited as of 31 December 2017, their financial performance and cash flows for the year then ended in accordance with the Thai Financial Reporting Standards.

Financial Highlights

Statements of Financial Position

Statements of Financial Position	As of 31 December,					
	2015 (restated) ¹		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current assets						
Cash and cash equivalents	35.77	1.61	43.11	1.55	45.73	1.42
Trade and other receivables	239.75	10.79	337.16	12.12	388.47	12.08
Current portion of accounts receivable under installment sales	7.43	0.33	2.26	0.08	2.16	0.07
Inventories	248.89	11.20	254.04	9.13	279.91	8.70
Other current assets	16.98	0.76	13.88	0.50	22.73	0.71
Total current assets	548.82	24.69	650.45	23.38	739.00	22.98
Non-current assets						
Restricted bank deposits	-	-	0.57	0.02	0.56	0.02
Accounts receivable under installment sales – net of current portion	54.38	2.45	57.05	2.05	49.86	1.55
Investments in joint ventures	-	-	-	-	13.85	0.43
Property, plant and equipment	1,320.41	59.41	1,919.11	68.98	2,256.31	70.15
Ore reserve	113.11	5.09	113.26	4.07	107.52	3.34
Advance payments for construction of plant and machinery	144.67	6.51	4.54	0.16	6.66	0.21
Intangible assets	7.91	0.36	8.02	0.29	7.99	0.25
Deferred tax assets	22.60	1.02	25.32	0.91	27.44	0.85
Other non-current assets	10.72	0.48	3.90	0.14	7.33	0.23
Total non-current assets	1,673.81	75.31	2,131.78	76.62	2,477.53	77.02
Total assets	2,222.63	100.00	2,782.22	100.00	3,216.53	100.00

Statements of Financial Position	As of 31 December,					
	2015 (restated) ¹		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	362.70	16.32	393.96	14.16	263.87	8.20
Trade and other payables	248.65	11.19	303.23	10.90	329.89	10.26
Current portion of liabilities under finance lease agreements	21.38	0.96	23.07	0.83	24.41	0.76
Short-term loans from related parties	30.00	1.35	-	-	-	-
Current portion of long-term loans	125.84	5.66	192.38	6.91	71.77	2.23
Income tax payable	5.50	0.25	14.17	0.51	-	-
Other current liabilities	15.87	0.71	28.77	1.03	33.63	1.05
Total current liabilities	809.95	36.44	955.59	34.35	723.57	22.50
Non-current liabilities						
Liabilities under finance lease agreements, net of current portion	43.07	1.94	30.47	1.10	58.93	1.83
Long-term loans, net of current portion	399.32	17.97	658.47	23.67	1,136.76	35.34
Provision for long-term employee benefits	42.33	1.90	49.44	1.78	57.23	1.78
Deferred tax liabilities	-	-	-	-	0.66	0.02
Other non-current liabilities	10.70	0.48	17.97	0.65	16.68	0.52
Total non-current liabilities	495.42	22.29	756.34	27.18	1,270.26	39.49
Total liabilities	1,305.36	58.73	1,711.92	61.53	1,993.83	61.99

Statements of Financial Position	As of 31 December,					
	2015 (restated) ¹		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Shareholders' equity						
Registered share capital	650.00	29.24	650.00	23.36	1,000.00	31.09
Issued and fully paid up share capital	650.00	29.24	650.00	23.36	720.00	22.38
Share premium	-	-	-	-	77.00	2.39
Capital surplus on share-based payment	29.00	1.30	29.00	1.04	29.00	0.90
Retained earnings						
Appropriated – statutory reserve	45.00	2.02	45.00	1.62	56.30	1.75
Unappropriated	188.20	8.47	342.32	12.30	340.50	10.59
Other components of shareholders' equity	(1.54)	(0.07)	(2.37)	(0.09)	(5.47)	(0.17)
Equity attributable to owners of the Company	910.66	40.97	1,063.95	38.24	1,217.33	37.85
Non-controlling interests of subsidiaries	6.61	0.30	6.35	0.23	5.37	0.17
Total shareholders' equity	917.26	41.27	1,070.30	38.47	1,222.70	38.01
Total liabilities and shareholders' equity	2,222.63	100.00	2,782.22	100.00	3,216.53	100.00

Note: ¹ The Company adopted an accounting treatment concerning share-based payments as stipulated under Thai Financial Reporting Standard (TFRS) 2 (revised 2015) and restated the financial statements for the year ended 31 December 2015 by recording the excess of the fair value of shares over the offering price of shares for a total of 7.6 million ordinary shares amounting to Baht 29.0 million as the capital surplus on share-based payment in the shareholders' equity as of 31 December 2015.

Statements of Comprehensive Income

Statements of Comprehensive Income	Year Ended 31 December					
	2015		2016 (restated) ^{1,2}		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales	1,909.38	98.91	1,963.88	98.45	2,198.12	99.23
Other income	21.07	1.09	30.99	1.55	17.11	0.77
Total revenues	1,930.45	100.00	1,994.86	100.00	2,215.23	100.00
Cost of sales	(1,199.64)	(62.14)	(1,210.34)	(60.67)	(1,375.03)	(62.07)
Selling expenses	(397.47)	(20.59)	(383.01)	(19.20)	(441.64)	(19.94)
Administrative expenses	(175.52)	(9.09)	(189.26)	(9.49)	(225.82)	(10.19)
Total expenses	(1,772.63)	(91.81)	(1,782.60)	(89.36)	(2,042.49)	(92.20)
Profit before share of loss from investments in joint ventures, finance cost and income tax expenses	157.83	8.18	212.26	10.64	172.74	7.80
Share of loss from investments in joint ventures	-	-	-	-	(0.89)	(0.04)
Profit before finance cost and income tax expenses	157.83	8.18	212.26	10.64	171.85	7.76
Finance cost	(36.54)	(1.89)	(40.76)	(2.04)	(62.59)	(2.83)
Profit before income tax expenses	121.29	6.28	171.50	8.60	109.26	4.93
Income tax benefits (expenses)	(17.82)	(0.92)	(17.63)	(0.88)	0.04	0.00
Profit for the year	103.47	5.36	153.87	7.71	109.31	4.93
Exchange differences on translation of financial statements in foreign currency - net of income tax	0.73	0.04	(0.83)	(0.04)	(3.81)	(0.17)
Total comprehensive income for the year	104.19	5.40	153.04	7.68	105.50	4.76
Profit attributable to:						
Equity holders of the Company	104.03	5.39	154.12	7.73	109.58	4.95
Non-controlling interests of subsidiaries	(0.56)	(0.03)	(0.26)	(0.01)	(0.27)	(0.01)
Total	103.47	5.36	153.87	7.71	109.31	4.93
Total comprehensive income attributable to:						
Equity holders of the Company	104.75	5.43	153.29	7.67	106.48	4.81
Non-controlling interests of subsidiaries	(0.55)	(0.03)	(0.26)	(0.01)	(0.98)	(0.04)
Total	104.19	5.40	153.04	7.67	105.50	4.76
Basic earnings per share (Baht) to equity holders of the Company	1.14		0.24		0.16	

Note: ¹ During 2017, the Company and its subsidiaries reclassified revenue from sales of by-products from "Revenue from sales" to "Other income". Therefore, the comparative statement of comprehensive income for the year ended 31 December 2016 were reclassified accordingly.

² On 8 August 2017, the Extraordinary General Meeting of Shareholders No. 2/2560 passed a resolution to approve the change in par value of the Company's ordinary shares from Baht 5 per share to Baht 1 per share. In this respect, the number of ordinary shares was adjusted as if the share split had occurred at the beginning of the first reporting year.

Cash Flow Statements

Cash Flow Statements	Year Ended 31 December		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit before tax	121.29	171.50	109.26
Adjustments to reconciled profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	118.24	127.09	160.04
Doubtful accounts receivable	-	-	-
Reduction of inventory to net realizable value (reversal)	(1.00)	0.18	0.39
Loss (gain) on sales of machinery and equipment	(3.80)	(1.05)	(1.57)
Write-off land, building, and equipment	1.68	9.36	5.60
Long-term employee benefits expenses	6.69	7.11	8.15
Unrealized loss (gain) on exchange	10.29	(2.09)	5.66
Share of loss from investments in joint ventures	-	-	0.89
Unrealized loss (gain) on forward exchange contracts	1.00	-	-
Interest income	(1.59)	(1.71)	(2.68)
Interest expenses	35.16	38.39	60.98
Profit from operating activities before changes in operating assets and liabilities	287.96	348.78	346.74
Operating assets (increase) decrease			
Trade and other receivables	68.63	(99.68)	(54.12)
Inventories	(1.50)	(5.32)	(26.27)
Accounts receivable under installment sales	-	3.68	2.26
Other current assets	17.55	3.10	(9.48)
Other non-current assets	(2.49)	6.82	(3.42)
Operating liabilities increase (decrease)			
Trade and other payables	(90.99)	48.41	26.44
Other current liabilities	9.31	12.90	4.86
Cash paid for long-term employee benefits	(0.44)	-	(0.34)
Other non-current liabilities	-	0.75	(2.57)
Cash flows from operating activities	288.03	319.44	284.10
Cash paid for interest expenses	(36.66)	(48.75)	(62.17)
Cash paid for income tax	(7.59)	(11.67)	(16.00)
Cash receipt from withholding tax refundable	-	-	1.04

Cash Flow Statements	Year Ended 31 December		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Net cash flows from operating activities	243.79	259.01	206.97
Cash flows from investing activities			
Increase in restricted bank deposits	-	(0.57)	-
Increase in investments in joint ventures	-	-	(15.08)
Cash paid for advance payments for construction of plant and machinery	(144.67)	(4.54)	(6.66)
Acquisition of property, plant and equipment	(153.64)	(559.97)	(428.42)
Acquisition of intangible asset	(7.91)	-	(0.88)
Interest income	0.12	2.38	4.88
Cash receipt from sales of property, plant and equipment	2.34	1.10	3.64
Net cash flows used in investing activities	(303.77)	(561.59)	(442.53)
Cash flows from financing activities			
Increase (decrease) in short-term loans from financial institutions	(2.12)	31.26	(130.09)
Cash paid for liabilities under finance lease agreements	(17.39)	(19.02)	(33.81)
Cash receipt from loan from related parties	90.00	30.00	-
Repayment of loans from to related parties	(60.00)	(60.00)	-
Cash receipt from loan from shareholder	-	-	1,214.00
Repayment of loan from shareholder	-	-	(1,214.00)
Cash receipt from long-term loans	210.81	452.22	1,220.97
Repayment of long-term loans	(123.03)	(124.13)	(857.81)
Increase in share capital	200.00	-	147.00
Cash paid for loan front-end fee	-	-	(6.07)
Increase in non-controlling interests of subsidiary	7.16	-	-
Dividend paid	(227.70)	-	(100.10)
Net cash flows from (used in) financing activities	77.74	310.34	240.08
Increase (decrease) in translation adjustments	1.07	(0.42)	(1.90)
Net increase in cash and cash equivalents	18.83	7.34	2.63
Cash and cash equivalents at beginning of year	16.94	35.77	43.11
Cash and cash equivalents at end of year	35.77	43.11	45.73

Key Financial Ratios Table

Financial Ratios	Unit	Year Ended 31 December		
		2015	2016	2017
Liquidity ratios				
Current ratio	Times	0.68	0.68	1.02
Quick ratio	Times	0.29	0.34	0.59
Cash flow current ratio	Times	0.30	0.29	0.25
Account receivable turnover	Times	7.79	8.06	7.11
Collection period	Days	46.23	44.67	50.65
Inventory turnover	Times	5.89	6.11	6.73
Inventory holding period	Days	61.15	58.88	53.48
Accounts payable turnover	Times	5.68	6.66	6.57
Repayment period	Days	63.40	54.06	54.75
Cash cycle	Days	43.98	49.49	49.38
Profitability ratio				
Gross profit margin	%	37.17	38.37	37.45
Operating profit margin	%	7.16	9.23	7.08
Other profit margin	%	1.09	1.55	0.77
Cash to profit margin	%	178.27	142.89	132.97
Net profit margin	%	5.36	7.71	4.93
Return on equity	%	11.82	15.48	9.53
Efficiency ratio				
Return on assets	%	4.89	6.15	3.64
Return on fixed assets	%	17.17	17.35	12.90
Asset turnover	Times	0.91	0.80	0.74
Financial policy ratio				
Debt to equity ratio	Times	1.42	1.60	1.63
Interest-bearing debt-to-equity ratio	Times	1.07	1.21	1.27
Interest coverage ratio	Times	7.86	6.55	4.57
Commitment coverage ratio	Times	0.38	0.35	0.13
Dividend payout ratio	%	220.07	-	91.58

Management' s Discussion and Analysis

Figures with decimal points in the section of management' s discussion and analysis may have been rounded off, therefore, the results from calculations may not be the same as those presented herein.

Overall Outlook of Past Performance

Lime and limestone have been used as raw materials in the production of consumer products used in everyday life, giving business opportunities to the Company that has its own limestone quarry as source of raw material for its lime production plant. This is an important factor that enables the Company to expand its production continuously. The Company has grown from having only one lime production plant at Phra Phutthabat district in Saraburi province, with production capacity of 365,000 tons per year to current total production capacity of 799,350 tons per year with additional plants in Kaeng Khoi district in Saraburi province and at Amata City Industrial Estate in Rayong province. The Company is further investing to expand its production capacity to support the higher demand from its present customers, and expand its customer base that is continuously growing, both domestically and abroad.

Major income of the Company comes from sales of three products, namely: 1. quicklime 2. hydrated lime and 3. limestone and grinded limestone. Total sales revenue for 2015, 2016, and 2017 were Baht 1,909.38 million, Baht 1,963.88 million and Baht 2,198.12 million, respectively. Sales revenue in 2016 increased Baht 54.49 million, or 2.85%, compared to 2015 primarily due to higher domestic and overseas demand for hydrated lime. Sales revenue in 2017 increased Baht 234.25 million, or 11.93%, compared to 2016 due to increase in numbers of large scale customers with long-term quicklime sales contract which generated sales revenue of approximately Baht 177.39 million which was 8% of total revenues in 2017.

Items	Year Ended 31 December					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenues	1,930.45	100.00	1,994.86	100.00	2,215.23	100.00
Revenues from sales	1,909.38	98.91	1,963.88	98.45	2,198.12	99.23
Cost of sales	(1,199.64)	(62.14)	(1,210.34)	(60.67)	(1,375.03)	(62.07)
Gross profit	709.74	36.77	753.54	37.77	823.09	37.16
Profit before finance cost and income tax expenses	157.83	8.18	212.26	10.64	171.85	7.76
Net profit for the year	103.47	5.36	153.87	7.71	109.31	4.93

Item	Year Ended 31 December		
	2015	2016	2017
	%	%	%
Gross profit margin (Gross profit divided by revenues from sales)	37.17	38.37	37.45

Gross profit was Baht 709.74 million in 2015, Baht 753.54 million in 2016 and Baht 823.09 million in 2017, with gross profit margins of 37.17%, 38.37% and 37.45%, respectively. Gross profit in 2016 increased Baht 43.80 million, or 6.17%, compared to 2015 due to increased sales revenue and lower fuel costs resulting from the start of commercial operations of KK3 and KK5 kilns that use coal as production fuel of which cost is lower than natural gas. Gross profit in 2017 increased Baht 69.55 million, or 9.23%, compared to 2016 due to increased sales and lower production cost with economy of scales from the increase of quicklime productions from KK3 and KK5 kilns at Kaeng Khoi Plant. However, in setting the sales price of products, the Company took into consideration the change in cost of sales, resulting in marginal change in gross profit margin in 2017. Besides, sales of grinded limestone which had high gross profit margin decreased in 2017 compared to 2016 and as a result gross profit margin of 2017 was slightly less than in 2016.

Net profit was Baht 103.47 million in 2015, Baht 153.87 million in 2016 and Baht 109.31 in 2017, with net profit margins of 5.36%, 7.71% and 4.93%, respectively. Net profit in 2016 increased Baht 50.40 million, compared to 2015 due to increased gross profit, with sales and administrative expenses about same as the previous year. Net profit in 2017 decreased Baht 44.56 million, or 28.96%, compared to 2016. The decrease was due to increased sales and administrative expenses in preparation for production of KK6 kiln and future expansion plan both domestically and abroad, and increased finance costs of long-term loans for financing construction of KK3 and KK5 kilns that were completed in the fourth quarter of 2016. Part of the interest cost was capitalized as cost of KK3 and KK5 kilns in 2016, while the interest cost incurred after completion of construction of KK3 and KK5 kilns was expensed as finance cost in 2017.

Performance Analysis

Revenues from Sales

Revenue from sales were Baht 1,909.38 million in 2015, Baht 1,963.88 million in 2016, and Baht 2,198.12 million in 2017. The following table presents revenues from sales sector according to products and region of sales:

	Year Ended 31 December					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1) Quicklime	1,414.29	73.26	1,352.81	67.81	1,604.97	72.45
Domestic	553.39	28.67	592.25	29.69	642.08	28.98
Foreign	860.90	44.60	760.56	38.13	962.89	43.47
2) Hydrated Lime	242.09	12.54	360.73	18.08	376.56	17.00
Domestic	41.44	2.15	86.99	4.36	78.90	3.56
Foreign	200.65	10.39	273.74	13.72	297.66	13.44
3) Limestone and Grinded Limestone	253.00	13.11	250.34	12.55	216.60	9.78
Domestic	180.69	9.36	162.64	8.15	185.10	8.36
Foreign	72.31	3.75	87.70	4.40	31.50	1.42
4) Revenues from sales	1,909.38	98.91	1,963.88	98.45	2,198.12	99.23
5) Other income	21.07	1.09	30.99	1.55	17.11	0.77
6) Total revenues	1,930.45	100.00	1,994.86	100.00	2,215.23	100.00

Sales Revenues and Sales Volumes of Quicklime

Quicklime sales volume (Unit: thousand tons)	Year Ended 31 December		
	2015	2016	2017
Domestic sales volume	195.29	226.25	241.85
Foreign sales volume	164.17	160.68	240.31
Total sales volume	359.46	386.93	482.16

Sales of quicklime as percentage of total revenues were 73.26% in 2015, 67.81% in 2016 and 72.45% in 2017. Domestic sales of quicklime as percentage of total revenues were 28.67% in 2015, 29.69% in 2016 and 28.98% in 2017; and foreign sales of quicklime as percentage of total revenues in 2015, 2016 and 2017 were 44.60%, 38.13% and 43.47%, respectively.

- Sales of quicklime in 2016 decreased Baht 61.49 million, or 4.35%, compared to 2015 despite domestic sales volumes of quicklime increased. This was primarily due to lower average sales price from lower fuel cost, which is a major cost (fuel is a major factor used for calculating the selling price of quicklime).
- Sales of quicklime in 2017 increased Baht 252.16 million, or 18.64%, compared to 2016. This was primarily due to the Company entering into a long-term quicklime sales contract with a major customer with sales shipments starting in the first quarter of 2017. Sales revenues generated from such contract were about Baht 177.39 million which was 8.00% of total revenues in 2017.

Sales Revenues and Sales Volumes of Hydrated Lime

Hydrated lime sales volume (Unit: thousand tons)	Year Ended 31 December		
	2015	2016	2017
Domestic sales volume	12.28	28.03	24.56
Foreign sales volume	39.80	60.01	65.10
Total sales volume	52.08	88.04	89.66

Sales of hydrated lime accounted for 12.54%, 18.08% and 17.00% of total revenues in 2015, 2016 and 2017, respectively. Domestic sales of hydrated lime accounted for 2.15%, 4.36%, and 3.56% of total revenues in 2015, 2016 and 2017, respectively; and foreign sales of hydrated lime accounted for 10.39%, 13.72% and 13.44% of total revenues in 2015, 2016 and 2017, respectively.

- Sales of hydrated lime in 2016 increased Baht 118.64 million, or 49.01%, compared to 2015, primarily due to increased domestic and foreign sales volumes from expansion of customer base.
- Sales of hydrated lime in 2017 increased Baht 15.82 million, or 4.39%, from 2016, primarily due to higher average sale price.

Sales Revenues and Sales Volumes of Limestone and Grinded Limestone

Size of limestones and grinded limestones affect the pricing, such that larger limestones are priced higher than smaller limestones; while for grinded limestone, finer grinded limestone are priced higher.

Sales volumes of limestone and grinded limestone (Unit: thousand ton)	Year Ended 31 December,		
	2015	2016	2017
Domestic sales volume	632.02	447.31	482.55
Foreign sales volume	116.59	161.31	84.14
Total sales volume	748.62	608.62	566.69

Sales of limestone and grinded limestone accounted for 13.11%, 12.55% and 9.78% of total revenues in 2015, 2016 and 2017, respectively. Domestic sales of limestone and grinded limestone accounted for 9.36%, 8.15% and 8.36% of total revenues in 2015, 2016 and 2017, respectively; and foreign sales of limestone and grinded limestone accounted for 3.75%, 4.40% and 1.42% of total revenues in 2015, 2016 and 2017, respectively.

- Sales of limestone and grinded limestone in 2016 decreased Baht 2.66 million, or 1.05%, compared to 2015. This was primarily due to adjustments of recording of sales of ore tailings amounting to Baht 19.05 million from revenue from sales of limestone and grinded limestone to other income. This other income was calculated from revenue from sales deducted by cost of sales and related transportation costs. (In 2015, sales of ore tailings were included as revenue from sales of limestone, cost of ore tailings was recorded as cost of limestone sold, and transportation costs of ore tailings were recorded as selling expenses.)
- Sales of limestone and grinded limestone in 2017 decreased Baht 33.74 million, or 13.48%, compared to 2016. This was primarily due to lower average selling price on less sales volumes of large limestone with higher price. Use of large limestone for production of quicklime was increased along with the increased production capacity of quicklime.

Cost of Sales

Costs of sales for years ended 31 December 2015, 2016 and 2017 were Baht 1,199.64 million, Baht 1,210.34 million and Baht 1,375.03 million, respectively. Costs of sales mainly comprise cost of production and cost of products purchased for resale. Cost of inventories at the beginning and at the end of period and warehousing costs in Australia were also taken into account in calculating costs of sales.

Production costs for 2015, 2016 and 2017 were Baht 1,007.42 million, Baht 989.61 million and Baht 1,206.58 million, respectively, with details of production cost composition as follows:

Production costs (Unit: percentage)	Year Ended 31 December		
	2015	2016	2017
Fuel cost	38.81	34.07	38.80
Wages	13.41	15.35	13.55
Depreciation expense	10.69	11.78	11.93
Electricity charge	9.75	10.36	9.97
Lime carrying cost	4.54	3.98	2.72
Packaging cost	6.98	8.06	7.19
Supplies cost	3.88	2.85	3.17
Outsourcing service cost	3.26	3.55	3.84
Mining service cost	2.74	2.37	2.51
Repairing expense	2.74	3.45	1.83
Royalty expense	0.85	1.68	1.45
Equipment rental expense	0.98	0.99	0.67
Others	1.37	1.51	2.36
Total	100.00	100.00	100.00

In addition to the above, the Company purchased products for resale to expand its customer base and market share. Costs of products purchased for resale included as costs of sales in 2015, 2016 and 2017 were Baht 4.28 million, Baht 116.22 million and Baht 98.06 million, respectively. The products purchased and resold in foreign countries were quicklime and hydrated lime.

- Total cost of sales in 2016 increased Baht 10.70 million, or 0.89%, compared to 2015. This was primarily due to increase in wages from increased production and sales volumes of quicklime and hydrated lime, and increase in royalty fees relating to prescribed mineral prices and mineral royalty rates in the ministerial regulation by Department of Primary Industries and Mines, despite that cost of ore tailings sold in 2016 amounting to Baht 8.52 million was not included as cost of sales as a result of change in the recording of sales of ore tailings as mentioned earlier.
- Total cost of sales in 2017 increased Baht 164.69 million, or 13.61%, compared to 2016 primarily due to higher fuel costs from higher natural gas and coal fuel prices and higher usage from increased production of quicklime and hydrated lime, and increased depreciation from KK3 and KK5 kilns.

Gross Profit

Gross profits were Baht 709.74 million in 2015, Baht 753.54 million in 2016 and Baht 823.09 million in 2017. Gross profit margins were 37.17%, 38.37% and 37.45%, respectively. The following table presents the gross profit and gross profit margins by product:

Gross Profit and Gross Profit Margin by Product

Items	Year Ended 31 December					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1) Quicklime						
Revenues from sales	1,414.29	100.00	1,352.81	100.00	1,604.96	100.00
Cost of sales	(931.48)	(65.86)	(882.25)	(65.22)	(1,036.15)	(64.56)
Gross profit	482.81	34.14	470.55	34.78	568.81	35.44
2) Hydrated Lime						
Revenues from sales	242.09	100.00	360.73	100.00	376.56	100.00
Cost of sales	(161.46)	(66.69)	(223.74)	(62.02)	(227.27)	(60.35)
Gross profit	80.63	33.31	137.00	37.98	149.29	39.65
3) Limestone and Grinded Limestone						
Revenues from sales	253.00	100.00	250.34	100.00	216.60	100.00
Cost of sales	(106.70)	(42.17)	(104.34)	(41.68)	(111.61)	(51.53)
Gross profit	146.30	57.83	145.99	58.32	104.99	48.47
Total revenues from sales	1,909.38	100.00	1,963.88	100.00	2,198.12	100.00
Total cost of sales	(1,199.64)	(62.83)	(1,210.34)	(61.63)	(1,375.03)	(62.55)
Gross profit	709.74	37.17	753.54	38.37	823.09	37.45

Gross Profit and Gross Profit Margin of Quicklime Sales

Gross profits on sales of quicklime were Baht 482.81 million in 2015, Baht 470.55 million in 2016 and Baht 568.81 million in 2017, with gross profit margins of 34.14%, 34.78% and 35.44%, respectively.

- Gross profit in 2016 decreased Baht 12.26 million, or 2.54%, compared to 2015 primarily due to lower foreign sales of quicklime. Gross profit margin was stable with slight increase from 34.14% to 34.78%.

The Company factored in pricing products change in cost of sales, resulting in small change in gross profit margin.

- Gross profit in 2017 increased Baht 98.26 million, or 20.88%, compared to 2016 with gross profit margin increased from 34.78% to 35.44%, primarily due to increased sales of quicklime and lower costs of production as a result of economy of scale from increase in quicklime production in Kaeng Khoi Plant with the installation of KK3 and KK5 kilns.

Gross profit and Gross Profit Margin of Hydrated Lime Sales

Gross profits on sales of hydrated lime were Baht 80.63 million in 2015, Baht 137.00 million in 2016 and Baht 149.29 million in 2017, with gross profit margins of 33.31%, 37.98% and 39.65%, respectively.

- Gross profit in 2016 increased Baht 56.37 million, or 69.91%, compared to 2015, while gross profit margin increased from 33.31% to 37.98%, primarily due to increased sales and lower unit cost of production resulting from economy of scale from the increase in quicklime production.
- Gross profit in 2017 increased Baht 12.29 million, or 8.97%, compared to 2016, while gross profit margin increased from 37.98% to 39.65%, primarily due to increased sales and lower unit cost of production as a result of economy of scale from the increase in quicklime production.

Gross Profit and Gross Profit Margin of Limestone and Grinded Limestone Sales

Gross profits on sales of limestone and grinded limestone were Baht 146.30 million in 2015, Baht 145.99 million in 2016 and Baht 104.99 million in 2017, with gross profit margins of 57.83%, 58.32% and 48.47%, respectively.

- Gross profit in 2016 decreased Baht 0.31 million, or 0.21%, compared to 2015, while gross profit margin increased from 57.83% to 58.32% despite sales and average selling price increased. This was primarily due to adjustments of sales of ore tailings (as mentioned earlier), which resulted in net revenues of Baht 10.53 million from sales of ore tailings not being recorded in gross profits of sales of limestone and grinded limestone in 2016.
- Gross profit in 2017 decreased Baht 41.00 million, or 28.09%, compared to 2016, and gross profit margin decreased from 58.32% to 48.47% primarily due to lower average selling price on less sales volumes of large limestones with higher price. Use of large limestone for production of quicklime was increased along with the increased production capacity of quicklime.

Other Income

Other income was Baht 21.07 million in 2015, Baht 30.99 million in 2016 and Baht 17.11 million in 2017.

- Other income for 2016 was mainly profit from sales of by-products, e.g. crushed rock soil aggregate and ore tailings, revenue from silo rentals, foreign exchange gains and adjustments of accrued expenses

- Other income for 2017 was mainly from profit from sales of by-products, e.g. crushed rock soil aggregate and ore tailings, interest income and compensation from insurance settlements.

Selling Expenses

Selling expenses were Baht 397.47 million in 2015, Baht 383.01 million in 2016 and Baht 441.64 million in 2017.

Summary of selling expenses is as follows:

Selling expenses	Year Ended 31 December					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Transportation expense	377.34	94.93	359.73	93.92	417.62	94.56
Staff costs	14.51	3.65	19.15	5.00	19.64	4.45
Commission expense	2.68	0.67	0.26	0.07	0.14	0.03
Others ¹	2.94	0.74	3.86	1.01	4.23	0.96
Total	397.47	100.00	383.01	100.00	441.64	100.00

Note: ¹ Others include travelling and accommodation expenses, insurance expense, document service fee, etc.

Transportation costs may vary according to terms of sales price as follows:

Foreign Customers

- (1) Free on Board Loading Port (“FOB”) price is selling price of goods excluding freight where the Company will be responsible for costs of transporting the products on board a ship at the port of departure.
- (2) Cost and Freight (“CFR”) price is FOB price plus freight for transporting the products to the port of destination.
- (3) Cost Insurance Freight (“CIF”) price is CFR price plus insurance of goods during transportation.

Domestic Customers

- (1) Ex-Work (“EXW”) price is selling price of goods excluding transportation cost of products. The customer has to pick up the goods at the Company’s plants.
 - (2) Selling price including cost of transporting the goods to the customers’ plant.
- Cost of sales in 2016 decreased Baht 14.46 million, or 3.64%, primarily due to lower freight cost of foreign sales as a result of lower petroleum cost and ocean freight rates.

- Cost of sales in 2017 increased Baht 58.63 million, or 15.31%, primarily due to increased transportation costs in proportion to the increase of quicklime sales to a major foreign customer.

Administrative Expenses

Administrative expenses were Baht 175.52 million in 2015, Baht 189.26 million in 2016 and Baht 225.82 million in 2017. The following is summary of administrative expenses:

Administrative expenses	Year Ended 31 December					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Staff costs	80.38	45.79	97.00	51.25	123.99	54.90
Warehouse management expense	7.73	4.40	13.32	7.04	12.59	5.58
Rent	10.67	6.08	12.21	6.45	15.33	6.79
Depreciation expense	10.38	5.91	9.86	5.21	10.06	4.46
Travelling and accommodation expenses	7.86	4.48	11.03	5.83	6.84	3.03
Consulting fees	20.90	11.91	11.17	5.90	14.46	6.40
Other fees	4.09	2.33	5.20	2.75	5.40	2.39
Entertainment expense	4.49	2.56	3.30	1.74	3.52	1.56
CSR expense	1.03	0.59	6.94	3.66	5.43	2.40
Audit fees	1.86	1.06	2.75	1.45	2.69	1.19
Repairing expense	2.82	1.61	1.52	0.80	1.81	0.80
Communication expense	1.05	0.60	1.34	0.71	1.39	0.61
Insurance expense	1.40	0.80	0.61	0.32	1.09	0.48
Office supplies expense	0.93	0.53	0.78	0.41	1.53	0.68
Loss on exchange rate	13.16	7.50	-	-	6.56	2.90
Loss from write-off of fixed assets	-	-	4.62	2.44	3.93	1.74
Others ¹	6.77	3.86	7.62	4.03	9.21	4.08
Total	175.52	100.00	189.26	100.00	225.82	100.00

Note: ¹ Others include utility expenses, security expenses, etc.

- Administrative expenses in 2016 increased Baht 13.74 million, or 7.83%, compared to 2015 primarily due to staff costs that increased approximately Baht 16.62 million from increase in personnel needed for expansion of production capacity of KK3 and KK5 kilns, and future business growth.
- Administrative expenses in 2017 increased Baht 36.56 million, or 10.32%, compared to 2016 primarily due to staff costs that increased approximately Baht 26.99 million from increase in personnel needed for expansion of production capacity of KK6 kiln and future business growth domestically and abroad, and foreign exchange loss of approximately Baht 6.56 million.

Share of Loss from Investments in Joint Ventures

Share loss from the Company's investment in joint ventures of Baht 0.89 million first occurred in 2017 resulting from loss of Baht 0.03 million from Siriman Chemicals India Private Limited and Baht 0.87 million from Easternbulk Lime Products Private Limited in India, which had not started operations. The Company expects both companies to start commercial operations in 2019.

Finance Cost

Finance costs were Baht 36.54 million in 2015, Baht 40.76 million in 2016 and Baht 62.59 million in 2017.

- Finance costs in 2016 increased Baht 4.22 million, or 11.55%, compared to 2015, primarily due to the Company's borrowing of long-term loan for financing construction of KK3 and KK5 kilns which were completed in the fourth quarter of 2016. Interest cost of the loan incurred after completion of the construction of KK3 and KK5 kiln was expensed as finance cost from the fourth quarter of 2016 onwards.
- Finance costs in 2017 increased Baht 21.83 million, or 53.55%, compared to 2016. This was primarily because part of interest cost of loan for financing construction of KK3 and KK5 kilns incurred in 2016 was capitalized as cost of KK3 and KK5 kilns, while interest cost incurred after completion of the construction of KK3 and KK5 kilns was expensed as finance cost. Besides, average interest rates also increased from having more long-term loans.

Income Tax Expenses

The Company had income tax expenses of Baht 17.82 million in 2015 and Baht 17.63 million in 2016, and income tax benefit of Baht 0.04 Million in 2017, representing effective income tax rates at 14.69%, 10.28% and 0.00%, respectively.

- Income tax expense in 2016 decreased Baht 0.19 million, or 1.05%, compared to 2015 primarily due to income tax benefit from losses of the overseas subsidiary which had not been recognized as deferred

tax asset in the prior year despite that one of the Company's Investment Promotion Certificates with corporate income tax exemption privilege expired during the year.

- Income tax expense in 2017 decreased by Baht 17.67 million, or 100.24%, compared to 2016 primarily due to corporate income tax exemption privilege from an Investment Promotion Certificate for KK3 and KK5 kilns taking into effect towards end of 2016. In 2016, one of the Company's Investment Promotion Certificates with corporate income tax exemption privilege. In addition, in 2017 the Company received corporate income tax exemption privilege for net income from business operation transacted with entities in foreign countries (ITC – International Trade Centre).

Net Profit (Profit for the Year)

Net Profits were Baht 103.47 million in 2015, Baht 153.87 million in 2016 and Baht 109.31 million in 2017, with net profit margins of 5.36%, 7.71% and 4.93%, respectively.

- Net profit in 2016 increased Baht 50.40 million, or 48.71%, compared to 2015 with net profit margins increasing from 5.36% to 7.66%, due to increased gross profit with selling and administrative expenses remaining about same as the prior year.
- In 2017, net profit decreased Baht 44.56 million, or 28.96%, compared to 2016 due to increased selling and administrative expenses in preparation for production of KK6 kiln and business expansion domestically and abroad, and increased finance costs from interest cost of long-term loan for financing the construction of KK3 and KK5 kilns which was completed in the fourth quarter of 2016. Part of interest cost incurred in 2016 was capitalized as cost of KK3 and KK5 kilns while interest cost incurred after completion of construction of KK3 and KK5 kilns was expensed as finance cost in 2017.

Financial Position

Explanation of the financial position herein is focused on significant changes in the statements of financial position for the years ended 31 December 2015, 2016 and 2017.

Assets

Total assets as of 31 December 2015, 2016 and 2017 were Baht 2,222.63 million, Baht 2,782.22 million, and Baht 3,216.53 million, respectively. Major assets include trade and other receivables, inventories, and property, plant and equipment.

- Total assets as of 31 December 2016 increased Baht 559.60 million, or 25.18%, compared to 31 December 2015, primarily due to completion of construction of KK3 and KK5 kilns in 2016.
- Total assets as of 31 December 2017 increased Baht 434.30 million, or 15.61%, compared to 2016, primarily due to the construction of KK6 kiln, installation of container packing system, expansion of the mineral dressing plant at Thap Kwang quarry, and purchase of transportation trucks under finance lease agreements.

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents as of 31 December 2015, 2016 and 2017 were Baht 35.77 million, Baht 43.11 million and Baht 45.73 million, respectively. Cash and cash equivalents includes cash and bank deposits in current and savings accounts, etc.

- Cash and cash equivalents as of 31 December 2016 increased Baht 7.34 million, or 20.52%, compared to as of 31 December 2015, primarily from net cash from operations and loans from financial institutions for construction of KK3 and KK5 kilns, which were completed in 2016.
- Cash and cash equivalents as of 31 December 2017 increased Baht 2.63 million, or 6.09%, compared to as of 31 December 2016. This was primarily due to a capital increase of Baht 147.00 million by a rights offering, and net cash from operations despite dividend payments of Baht 100.10 million, investments of Baht 187.18 million in construction of KK6 kiln, and expansion for mineral dressing plant at Thap Kwang quarry of Baht 56.18 million.

Trade and Other Receivables

Trade and other trade receivables as of 31 December 2015, 2016 and 2017 were Baht 239.75 million, Baht 337.16 million and Baht 388.47 million, respectively. Details for trade and other trade receivables are as follows:

Trade and other receivables	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
(1) Trade receivables – unrelated parties (net)	201.47	84.03	285.23	84.60	333.34	85.81
(2) Prepaid expense	10.41	4.34	10.84	3.21	7.56	1.95
(3) Advance and other receivables – related parties (net)	3.92	1.64	0.02	0.00	0.00	0.00
(4) Advance and other receivables – unrelated parties (net)	23.95	9.99	41.08	12.18	47.56	12.24
Total	239.75	100.00	337.16	100.00	388.47	100.00

(1) Trade receivables – unrelated parties as of 31 December 2015, 2016 and 2017 were Baht 201.47 million, Baht 285.23 million and Baht 333.34 million, respectively. Trade receivables were from sales of lime products to customers.

- Trade receivables - unrelated parties, as of 31 December 2016 increased Baht 83.76 million, or 41.57%, compared to as of 31 December 2015, corresponding to increased sales revenue from increased orders from customers in the sugar industry at the end of the year which is the sugar cane season.
- Trade receivables - unrelated parties, as of 31 December 2017 increased Baht 48.11 million, or 16.87%, compared to as of 31 December 2016 primarily from increased sales revenue from customers in the mining industry.

Trade receivables - unrelated parties, aged on the basis of due dates were as follows:

Trade receivables – unrelated parties	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Not yet due	171.82	85.28	252.07	88.38	292.68	87.80
Past due up to 3 months	28.18	13.99	32.17	11.28	39.88	11.96
Past due 3 – 6 months	1.48	0.73	0.78	0.27	0.77	0.23

Trade receivables – unrelated parties	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Past due 6 – 12 months	-	-	0.21	0.07	0.01	0.00
Past due over 12 months	0.64	0.32	-	-	-	-
Allowance for doubtful debts	(0.64)	(0.32)	-	-	-	-
Total	201.47	100.00	285.23	100.00	333.34	100.00

Payment due dates vary by customer with average collection periods in 2015, 2016 and 2017 of 46.23 days, 44.67 days and 50.65 days, respectively. Average collection periods in 2015 and 2016 were in accordance with normal business practice of about 45 days. However, the collection period in 2017 was slightly higher than average primarily due to delayed payments in the end of 2017 from a major customer in the mining industry that had internal payment system problems. Presently, the delayed payments have been settled and the customer's internal payment system repaired. Allowances for doubtful accounts as of 31 December 2015, 2016 and 2017 were Baht 0.64 million, Baht 0.00 million and Baht 0.00 million, respectively. The allowance for doubtful accounts as of year-end of 2015 was set aside for two customers since 2011. Such doubtful accounts were fully written-off in 2016.

- (2) Prepaid expenses as of 31 December 2015, 2016 and 2017 were Baht 10.41 million, Baht 10.84 million and Baht 7.56 million, respectively. Prepaid expenses comprise advance payments of other costs, e.g. insurance premium, interim corporate income tax, royalty fees, contribution of funds relating to mining concession, etc.
- Prepaid expenses as of 31 December 2017 decreased Baht 3.28 million, or 30.23%, compared to as of 31 December 2016, primarily due to prepaid expenses of Baht 3.59 million that occurred since 2016 for exploration and feasibility study of mining project in Laos being reclassified to other non-current assets.
- (3) Advance and other receivables - related parties as of 31 December 2015, 2016 and 2017 were Baht 3.92 million, Baht 0.02 million and Baht 0.00 million, respectively. Balance of advance and other receivables as of year-end of 2015 were advance payments for business trips for the management of Company's subsidiary in Vietnam, which have been settled. Balance of advance and other receivables as at year-end of 2016 were advance payments for business travelling expenses for the Company's directors.
- (4) Advance and other receivables - unrelated parties as of 31 December 2015, 2016 and 2017 were Baht 23.95 million, Baht 41.08 million and Baht 47.56 million, respectively. Most came from advance payments for purchase of lime products from of a lime trader in Vietnam that sources lime from retail lime producers with low production capacity and inconsistent product quality. Such lime products will be processed to produce lime that meets the Company's characteristics and quality requirements. The

advance payment to lime traders is a common condition for lime business in Vietnam. This lime trader company is the same company as the account receivable under instalment sales of the Company's machinery.

Allowance for doubtful accounts of advance and other receivables – unrelated parties as of 31 December 2015, 2016 and 2017 was Baht 5.97 million, Baht 0.00 million and Baht 0.00 million, respectively. The allowance for doubtful accounts as of year-end of 2015 was set aside since 2011 and fully written off in 2016.

Current Portion of Accounts Receivable Under Installment Sales

Current portion of accounts receivable under installment sales as of 31 December 2015, 2016 and 2017 were Baht 7.43 million, Baht 2.26 million and Baht 2.16 million, respectively. This item represents installment sales of machinery with a lime trader company in Vietnam which is an unrelated party. Such machinery is used for production of lime for sales to the Company. This lime trader is capable of sourcing lime from retail lime producers with low production capacity and inconsistent product quality, and processes it to produce lime that meets the Company's characteristics and quality requirements, and quantity required by the Company which enables the Company to procure more lime from Vietnam. Period of the installment is 10 years with interest rate charged at 4.65% per year.

Inventories

Inventories as of 31 December 2015, 2016 and 2017 were Baht 248.89 million, Baht 254.04 million and Baht 279.91 million, respectively. Summary of the inventories is as follows:

Inventories	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Finished goods	131.20	52.71	107.43	42.29	136.85	48.89
Work in process	1.11	0.45	2.51	0.99	3.09	1.11
Raw materials	75.90	30.50	81.39	32.04	82.83	29.59
Packing materials	7.50	3.01	11.96	4.71	12.32	4.40
Spare parts and factory supplies	33.18	13.33	36.22	14.26	33.70	12.04
Goods in transit	-	-	14.52	5.72	11.12	3.97
Total	248.89	100.00	254.04	100.00	279.91	100.00

- As of 31 December 2016, inventories increased Baht 5.15 million, or 2.07%, compared to as of 31 December 2015, primarily due to increased raw material inventories.

- As of 31 December 2017, inventories increased Baht 25.88 million, or 10.19%, compared to as of 31 December 2016, primarily due to increased inventories of quicklime for delivery to major customer with long-term quicklime sales contract.

Other Current Assets

Other current assets as of 31 December 2015, 2016 and 2017 were Baht 16.98 million, Baht 13.88 million and Baht 22.73 million, respectively. Details of other current assets are as follows:

Other current assets	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
VAT receivables	8.88	52.30	6.77	48.76	11.83	52.04
Undue input VAT	4.45	26.22	4.65	33.53	4.75	20.89
Prepaid corporate income tax	-	-	-	-	3.93	17.31
Others ¹	3.65	21.48	2.46	17.71	2.22	9.76
Total	16.98	100.00	13.88	100.00	22.73	100.00

Note: ¹ Others include deposits and loan to employees, etc.

- As of 31 December 2016, other current assets decreased Baht 3.10 million, or 18.26%, compared to as of 31 December 2015, primarily from receipt of partial VAT refund from the Revenue Department.
- As of 31 December 2017, other current assets increased Baht 8.84 million, or 63.71%, compared to as of 31 December 2016, primarily due to increase of VAT receivables representing the excess of input VAT on the construction payment over output VAT on sales of goods, and prepaid corporate income tax of Baht 3.93 million.

Non-Current Assets

Accounts Receivable Under Installment Sales – Net of Current Portion

Account receivables under installment sales – net of current portion that is due within one year as of 31 December 2015, 2016 and 2017 were Baht 54.38 million, Baht 57.05 million and Baht 49.86 million, respectively. This item represents installment sales of machinery with a lime trader company in Vietnam which is an unrelated party. Such machinery is used for production of lime for sales to the Company. This lime trader is capable of sourcing lime from retail lime producers with low production capacity and inconsistent product quality, and processes it to produce lime that meets the Company's characteristics and quality requirements, and quantity required by the Company which enables the Company to procure more lime from Vietnam. Period of the installment is 10 years with interest rate charged at 4.65% per year.

Details are as follows:

Accounts receivable under installment sales	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Due within 1 – 5 years	22.75	41.84	19.28	33.79	24.70	49.53
Due after 5 years	31.63	58.16	37.77	66.21	25.16	50.47
Total	54.38	100.00	57.05	100.00	49.86	100.00

Property, Plant and Equipment

Property, plant and equipment as of 31 December 2015, 2016 and 2017 were Baht 1,320.41 million, Baht 1,919.11 million and Baht 2,256.31 million, respectively. Details are as follows:

Property, Plant and Equipment	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Land	156.28	11.84	156.28	8.14	178.78	7.92
Land improvement	34.12	2.58	54.18	2.82	46.41	2.06
Buildings and building improvement	235.87	17.86	433.03	22.56	444.03	19.68
Machinery and equipment	663.11	50.22	1,160.08	60.45	1,135.88	50.34
Furniture, fixtures and office equipment	8.66	0.66	12.15	0.63	14.46	0.64
Motor vehicles	80.40	6.09	77.22	4.02	119.94	5.32
Assets under installation and under construction	141.96	10.75	26.17	1.36	316.82	14.04
Total	1,320.41	100.00	1,919.11	100.00	2,256.31	100.00

- Property, plant and equipment as of 31 December 2016 increased Baht 598.70 million, or 45.34%, compared to as of 31 December 2015, primarily due to completion of construction of KK3 and KK5 kilns.
- Property, plant and equipment as of 31 December 2017 increased Baht 337.21 million, or 17.57%, compared to as of 31 December 2016, primarily due to construction of KK6 kiln, installation of container packing system, expansion of mineral dressing plant at Thap Kwang quarry, and acquisition of additional transportation trucks under finance lease agreements.

Ore Reserve

Ore reserve as of 31 December 2015, 2016 and 2017 was Baht 113.11 million, Baht 113.26 million and Baht 107.52 million, respectively. Ore reserve consists of concession costs and related development cost which are presented at cost less accumulated depletion. Depletion of ore reserve in 2015, 2016 and 2017 was Baht 5.26 million, Baht 5.75 million and Baht 5.65 million, respectively. Depletion of ore is calculated from units of limestone produced to the estimated total limestone mineable reserve assessed by an independent geologist.

Ore reserve increased in 2015 and 2016 due to accrued payments of special benefits to the government for the concession issuance amounting to Baht 10.70 million and Baht 5.80 million, respectively.

Ore Reserve	As at 31 December,		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Net book value at beginning of year	107.69	113.11	113.26
Reserve for Increase in cost of concession	10.70	5.80	-
Amortization for the year	(5.28)	(5.65)	(5.75)
Total	113.11	113.26	107.52

Advance Payments for Construction of Plants and Machinery

Advance payments for construction of plants and machinery as of 31 December 2015, 2016 and 2017 were Baht 144.67 million, Baht 4.54 million and Baht 6.66 million, respectively. This represents primarily advance payments for construction of kilns at Kaeng Khoi Plant.

- Advance payments for construction of plants and machinery as of 31 December 2016 decreased Baht 140.13 million, or 96.86%, compared to as of 31 December 2015. Upon completion of construction of KK3 and Kk5 kilns, the advance payments for construction were reclassified and included as acquisition cost of KK3 and KK5 kilns under property, plant and equipment.
- Advance payments for construction of plants and machinery as of 31 December 2017 were 2.12 million, or 46.71%. These represent advance payments for construction of KK6 kiln and staff housing.

Intangible Assets

Intangible assets were expenses relating to exploration of mineral resources incurred by the Company's subsidiary in Laos. Such expenses included costs related to processing a limestone mining concession. Intangible assets as of 31 December 2105, 2016 and 2017 were Baht 7.91 million, Baht 8.02 million and Baht 7.99 million, respectively.

- Intangible assets as of 31 December 2016 increased Baht 0.11 million, or 1.36%, compared to as of 31 December 2015, primarily from increased costs related to processing a limestone mining concession.

Intangible assets as of 31 December 2017 decreased Baht 0.03 million, or 0.34%, compared to as of 31 December 2016. This was primarily from translating financial statements of the Company's subsidiary in Laos although there was increased cost related to processing a limestone mining concession.

Deferred Tax Assets

Deferred tax assets as of 31 December 2015, 2016 and 2017 were Baht 22.60 million, Baht 25.32 million and Baht 27.44 million, respectively, most of which were reserve for employee benefits in long term and unused tax losses of the Company's subsidiaries in Australia and Vietnam.

Other Non-Current Assets

Other non-current assets as of 31 December 2015, 2016 and 2017 were Baht 10.72 million, Baht 3.91 million and Baht 7.33 million, respectively. Summary of other non-current assets is as follows:

Other non-current assets	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Deposits (due received more than one year)	9.37	87.41	2.83	72.47	3.29	44.93
Prepaid repair and maintenance expenses	1.35	12.59	1.08	27.53	0.44	6.03
Others	-	-	-	-	3.59	49.04
Total	10.72	100.00	3.91	100.00	7.33	100.00

- Other non-current assets as of 31 December 2016 decreased Baht 6.82 million, or 63.59%, compared to as of 31 December 2015 attributable to lower deposit of office rental for the Company's subsidiary in Vietnam. The Company's subsidiary cancelled a rent of its office and received a refund of deposit of the rental from the renter, and new office landlord requested a lower deposit.
- Other non-current assets as of 31 December 2017 increased Baht 3.42 million, or 87.69%, compared to as of 31 December 2016. This was primarily due to increased deposit from renting more office space and reclassification of prepaid expenses of Baht 3.59 million incurred since 2015 for exploration and feasibility study of mining project in Laos.

Source of Funds

Liabilities

Total liabilities as of 31 December 2015, 2016 and 2017 were Baht 1,305.36 million, Baht 1,711.92 million and Baht 1,993.83 million, respectively. Total liabilities include trade and other payables, bank overdrafts and short-term loans from financial institutions, etc.

- Total liabilities as of 31 December 2016 increased Baht 406.56 million, or 31.15%, compared to as of 31 December 2015, primarily due to increase in long-term loans from financial institutions for financing construction of KK3 and KK5 kilns.
- Total liabilities as of 31 December 2017 increased Baht 281.90 million, or 16.47%, compared to as of 31 December 2016, primarily from financial institutions loans for financing construction of KK6 kiln and mineral dressing plant at Thap Kwang.

Overdrafts and Short-term Loans from Financial Institutions

Overdrafts and short-term loans from financial institutions as of 31 December 2015, 2016 and 2017 were Baht 362.70 million, Baht 393.96 million and Baht 263.87 million, respectively.

- Overdrafts and short-term loans from financial institutions as of 31 December 2016 increased Baht 31.26 million, or 8.62%, compared to as of 31 December 2015, from increased short-term loans used as working capital.
- Overdrafts and short-term loans from financial institutions as of 31 December 2017 decreased Baht 130.09 million, or 33.02%, compared to as of 31 December 2016. This was primarily due to the financial restructuring to enhance flexibility in cash management by converting short-term loans from financial institutions to long-term loans.

Trade and Other Payables

Trade and other payables as of 31 December 2015, 2016 and 2017 were Baht 248.66 million, Baht 303.23 million and Baht 329.89 million, respectively. Details of trade and other payables are as follows:

Trade and other payables	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
(1) Trade payables – unrelated parties	104.95	42.21	149.73	49.38	143.20	43.41
(2) Other payables – related parties	-	-	-	-	0.04	0.01

Trade and other payables	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
(3) Other payables – unrelated parties	98.31	39.54	90.06	29.70	124.74	37.81
(4) Accrued expenses – related parties	0.03	0.01	-	-	-	-
(5) Accrued expenses – unrelated parties	45.26	18.20	60.26	19.87	61.18	18.55
(6) Advance receipt from customers	0.10	0.04	3.18	1.05	0.73	0.22
Total	248.66	100.00	303.23	100.00	329.89	100.00

- (1) Trade payables – unrelated parties as of 31 December in 2015, 2016 and 2017 were Baht 104.95 million, Baht 149.73 million and Baht 143.20 million, respectively. They include payables for fuel used in lime production process, and payables for goods purchased and services rendered which relate to the Company' s operation.
- Trade payables – unrelated parties as of 31 December in 2016 increased Baht 44.78 million, or 42.67%, compared to as of 31 December 2015, from increased usage of fuel although average fuel price decreased.
 - Trade payables – unrelated parties, as of 31 December 2017 decreased Baht 6.53 million, or 4.36%, compared to as of 31 December 2016. Trade payables – unrelated parties amounting to Baht 9.57 million was reclassified to Other payables – unrelated parties, although increased sales resulted in increased trade payables.
- (2) Other payables – related parties as of 31 December 2015, 2016 and 2017 were Baht 0.00 million, Baht 0.00 million and Baht 0.04 million, respectively. Balance of other payables as of year-end of 2017 were procurement expenses relating to spare parts and consumables.
- (3) Other payables – unrelated parties, as of 31 December 2015, 2016 and 2017 were Baht 98.31 million, Baht 90.06 million and Baht 124.74 million, respectively, mostly consisting of payables for construction and acquisition of machinery.
- Other payables – unrelated parties as of 31 December in 2016 decreased Baht 8.25 million, or 8.39%, compared to as of 31 December 2015 due to repayment of loan for financing construction of KK3 and KK5 kilns.
 - Other payables – unrelated parties, as of 31 December in 2017 increased Baht 34.68 million, or 38.51%, compared to as of 31 December 2016. This was due to reclassification of Baht 9.57 million from 'trade payables – unrelated parties' to 'other payables – unrelated parties' and increase of payables relating to transportation costs of subsidiary in Australia.

- (4) Accrued expenses – related parties, as of 31 December 2015, 2016 and 2017 were Baht 0.03 million, Baht 0.00 million and Baht 0.00 million, respectively. Balance of accrued expenses as at the end of 2015 were interest expenses of loan from shareholders.
- (5) Accrued expenses – unrelated parties, as of 31 December 2015, 2016 and 2017 were Baht 45.26 million, Baht 60.26 million and Baht 61.18 million, respectively. This included accruals for bonus payments, transportation costs, audit fees, loan interests, etc.
- Accrued expenses – unrelated parties as of 31 December 2016 increased Baht 15.00 million, or 33.14%, compared to as of 31 December 2015. This was primarily due to increase in accrued bonuses and accrued transportation costs for foreign sales that increased in correspondence with increased revenue.
 - Accrued expenses – unrelated parties as of 31 December in 2017 increased Baht 0.92 million, or 1.53%, compared to as of 31 December 2016, primarily from accrued domestic transportation costs that increased slightly.
- (6) Advance receipts from customers as of 31 December 2015, 2016 and 2017 were Baht 0.10 million, Baht 3.18 million and Baht 0.73 million, respectively. This item represents advance receipts from domestic and foreign customers.
- Advance receipts from customers as of 31 December 2016 increased Baht 3.08 million, or 2,987.38%, compared to as of 31 December 2015 from increased advance receipts from foreign customers.
 - Advance receipts from customers as of 31 December 2017, decreased Baht 2.45 million, or 77.08%, compared to as of 31 December 2016, from decrease in advance receipts from domestic and foreign customers.

Short-term Loans from Related Parties

Short-term loans from related parties as of 31 December 2015, 2016 and 2017 were Baht 30.00 million, Baht 0.00 million and Baht 0.00 million, respectively. In 2015, the Company borrowed loans from directors to use as working capital for its business. The loans were fully repaid in 2016.

Deferred Tax Liabilities

Deferred tax liabilities as of 31 December 2015, 2016 and 2017 were Baht 0.00 million, Baht 0.00 million and Baht 0.66 million, respectively. Deferred tax liabilities recorded in 2017 was a temporary difference between income tax expenses of the Company and its subsidiaries in India calculated in accordance with the accounting standard and income tax expenses calculated in accordance with tax legislation.

Other Current Liabilities

Other current liabilities as of 31 December 2015, 2016 and 2017 were Baht 15.87 million, Baht 28.77 million and Baht 33.63 million, respectively. Summary of other current liabilities is as follows:

Other current liabilities	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Retentions	5.42	34.15	20.99	72.96	24.19	71.92
Withholding tax payables	2.47	15.58	2.96	10.30	2.45	7.27
VAT payables	-	-	-	-	0.14	0.43
Accrued environmental funds	0.01	0.08	2.25	7.81	2.27	6.74
Concession reserve (due within one year)	-	-	-	-	1.96	5.83
Social security payable	0.59	3.74	0.66	2.31	0.73	2.18
Provident fund payable	-	0.00	0.02	0.07	0.63	1.89
Foreign exchange contracts payable	2.15	13.57	-	-	-	-
Other accrued service fee expenses	5.22	32.89	1.89	6.56	1.26	3.76
Total	15.87	100.00	28.77	100.00	33.63	100.00

- Other current liabilities as of 31 December 2016, increased Baht 12.90 million, or 81.26%, compared to as of 31 December 2015, primarily from increase in retention payable to construction contractors of KK3 and KK5 kilns and a new building in the Kaeng Khoi Plant.
- Other current liabilities as of 31 December 2017 increased Baht 4.86 million, or 16.89%, compared to as of 31 December 2016, primarily from increase in retention payable to construction contractors of KK6 kiln.

Other Non-Current Liabilities

Other non-current liabilities as of 31 December 2015, 2016 and 2017 were Baht 10.70 million, Baht 17.97 million and Baht 16.68 million, respectively. Summary of other non-current liabilities is as follows:

Other non-current liabilities	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Concession reserve	10.70	100.00	17.22	95.83	16.54	99.18
Others ¹	-	-	0.75	4.17	0.14	0.82
Total	10.70	100.00	17.97	100.00	16.68	100.00

Note: ¹ Others include provision for employee benefits and trade union fees of foreign subsidiaries, etc.

- Other non-current liabilities as of 31 December 2016 increased Baht 7.27 million, or 67.92%, compared to as of 31 December 2015 due to increase in payments of special benefits to the government for the mining concession issuance.
- Other non-current liabilities as of 31 December 2017 decreased Baht 1.29 million, or 7.18%, compared to as of 31 December 2016 due to change in classification of reserve for payments of special benefits to the government for the mining concession issuance that were previously recorded as other non-current liabilities to other current liabilities.

Long-Term Loans from Financial Institutions

Long-term loans from financial institutions as of 31 December 2015, 2016 and 2017 were Baht 525.16 million, Baht 850.84 million and Baht 1,208.52 million, respectively. Summary of long-term loans from financial institutions is as follows:

Long-term loans	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Due within one year	125.84	23.96	192.38	22.61	71.77	5.94
Due after one year	399.32	76.04	658.47	77.39	1,136.76	94.06
Total	525.16	100.00	850.84	100.00	1,208.52	100.00

- Long-term loans from financial institutions as of 31 December 2016, increased Baht 325.68 million, or 62.02%, compared to as of 31 December 2015, primarily due to increased disbursement of loan for financing construction of KK3 and KK5 kilns.
- Long-term loans from financial institutions as of 31 December 2017 increased Baht 357.68 million, or 42.04%, compared to as of 31 December 2016 to finance repayment of overdrafts and short-term loans from financial institutions, and business expansion.

Summary of long-term loans from financial institutions by types of credit facilities is as follows:

Item	Credit limit	Interest rate (% per year)	Outstanding balance (Million Baht)			Terms of payment	Debt covenants
			As of 31 December,				
			2015	2016	2017		
1	Baht 280 million	THB FIX 1 M + Fixed percentage	147.25	88.25	-	Interest payment: every end of the month. Principal payment: every three months. Maturity: June 2018 (Paid in full)	D/E Between 0 – 2 times
2	USD 8.7 million	LIBOR 1 M + Fixed percentage	167.10	99.56	-	Interest payment: every end of month Principal payment: every three months Maturity: June 2018 (repaid in full)	DSCR Not lower than 1.2 times Liquidity ratio must not be less than 1 times to be verified from the
3	Baht 670 million	THB FIX 1 M + Fixed percentage	210.81	663.03	-	Interest payment: every end of month. Principal payment: every three months. Maturity: June 2022 (Paid in full).	Company' s internal financial statements of June and December of every year
4	Baht 1,214 million	MLR – Fixed percentage	-	-	1,208.52	Interest payment: Every end of month Principal payment: Every three months Maturity: June 2025	D/E Between 0 – 2 times DSCR Not lower than 1.2 times
Total			525.16	850.84	1,208.52		

Note: D/E or Debt-to-Equity Ratio is total liabilities divided by shareholders' equity (excluding non-controlling interest) where liabilities excludes loans from directors and shareholders' equity includes loans from directors.

DSCR or Debt Service Coverage Ratio is profit before interest, corporate income tax, depreciation and deferred expenses, and before extraordinary items divided by a sum of total interest expenses and current portion of long-term loans for a particular accounting period.

Liquidity ratio is a sum of cash, trade accounts receivable and inventories divided by a sum of short-term loans and trade accounts payable (current assets/current liabilities).

As of 31 December 2017, the Company maintained all debt covenants required by financial institutions with D/E ratio at 1.63 times, DSCR at 2.12 times and liquidity ratio at 1.02.

Liabilities Under Finance Lease Agreements

Liabilities under finance lease agreements as of 31 December 2015, 2016 and 2017 were Baht 64.45 million, Baht 53.54 million and Baht 83.34 million, respectively, with the following details:

Liabilities under finance lease agreements	As of 31 December,					
	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Due within one year	21.38	33.18	23.07	43.10	24.41	29.28
Due after one year	43.07	66.82	30.47	56.90	58.93	70.72
Total	64.45	100.00	53.54	100.00	83.34	100.00

- Liabilities under finance lease agreements as of 31 December 2016 decreased Baht 10.91 million, or 16.93%, compared to as of 31 December 2015. This was from payments for installments due under finance lease agreements.
- Liabilities under finance lease agreements as of 31 December 2017 increased Baht 29.80 million, or 55.66%, compared to as of 31 December 2016, due to purchases of additional transportation trucks under finance lease agreements.

Commitments and Contingent Liabilities

See details in Notes to Financial Statements

Shareholders' Equity

Shareholders' equity as of 31 December 2015, 2016 and 2017 were Baht 917.26 million, Baht 1,070.30 million and Baht 1,222.70 million, respectively.

- Shareholders' equity as of 31 December 2016 increased Baht 153.04 million, or 16.68%, compared to 2015 from net profits from the Company's normal business.
- Shareholders' equity as of 31 December 2017 increased Baht 152.40 million, or 14.24%, compared to 2016. This increase was due to net profits from the Company's normal business, the capital increase

of Baht 147.00 million by a rights offering of 14 million ordinary shares at offering price of Baht 10.50 per share (which was higher than par value of 5 Baht) in the second quarter of 2017, while the Company paid out dividend of Baht 100.10 million during the year.

Liquidity

Summary of Cash Flow Statements

Item	For the Year Ended 31 December		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Cash and cash equivalents at beginning of year	16.94	35.77	43.11
Cash flow from operating activities before change in working capital and Finance cost and related income tax expenses	287.96	348.78	346.72
Change in working capital	0.07	(29.34)	(62.64)
Finance cost and related income tax expenses	(44.24)	(60.43)	(77.13)
Net cash flows from operating activities	243.79	259.01	206.97
Net cash flows from (used in) investing activities	(303.77)	(561.59)	(442.53)
Net cash flows from (used in) financing activities	77.74	310.34	240.08
Increase (decrease) in translation adjustments	1.07	(0.42)	(1.90)
Net increase in cash and cash equivalents	18.83	7.34	2.63
Cash and cash equivalents at end of year	35.77	43.11	45.73

Cash Flows from Operating Activities

Cash flows from operating activities for the years ended 31 December 2015, 2016 and 2017 was Baht 243.79 million, Baht 259.01 million and Baht 206.97 million, respectively. This was primarily due to profits from operation and added-back non-cash items, e.g. depreciation and amortization, and changes in working capital.

The summary of cashflow statements table shows that the Company had approximately Baht 300 million to Baht 350 million of cash flow from operations before changes in working capital, finance cost and related tax expenses. Even after changes in working capital, finance costs and related tax expenses, the Company still had cash flow from operations of more than Baht 200 million. This shows that the Company had consistent operation performance and could operate with enough cash flows to support future business expansion efficiently.

Cash Flows from Investing Activities

Cash flows used in investing activities for the years ended 2015, 2016 and 2017 were Baht 303.77 million, Baht 561.59 million and Baht 442.53 million, respectively. The increase was primarily from investments in various projects to expand future business, with the following details:

- Net cash flows used in investments in 2015 were Baht 303.77 million, primarily from investment in construction of KK3 and KK5 kilns, and exploration of mining project in Laos.

- Net cash flows used in investments in 2016 were Baht 561.59 million, primarily from investment in construction of KK3 and KK5 kilns.
- Net cash flows used in investments in 2017 were Baht 442.53 million, primarily from investments in construction of KK6 kiln, installation of container packing system, and expansion of mineral dressing plant at Thap Kwang.

Cash Flows from Financing Activities

Cash flows from financing activities for the years ended 2015, 2016, 2017 were Baht 77.74 million, Baht 310.34 million and Baht 240.08 million, respectively. They were mostly for financing the business expansion, and partly used for dividend payments, with details as follows:

- Cash flow from financing activities in 2015 was Baht 77.74 million. This was primarily from the capital increase of Baht 200.00 million by a rights offering, and increase in long-term loans for financing the construction of KK3 and KK5 kilns, despite dividend payments of Baht 227.70 million during the year.
- Cash flow from financing activities in 2016 was Baht 310.34 million, primarily due to increase in long-term loans for financing construction of KK3 and KK5 kilns.
- Cash flow from financing activities in 2017 was Baht 240.08 million. This was primarily from the capital increase of Baht 147.00 million by a rights offering, and proceeds from new long-term loan facilities of Baht 1,220.97 million; at the same time, the Company repaid Baht 130.09 million of bank overdrafts and short-term loans from financial institutions, and Baht 857.87 million of former long-term loan, while dividend of Baht 100.01 million was paid to the shareholders during the year.

Analysis of Key Financial Ratios

Liquidity Ratio

- (1) Current ratios as of 31 December 2015, 2016 and 2017 were 0.68 times, 0.68 times and 1.02 times, respectively.
 - Current ratio as of 31 December 2016 was same as that of 2015.
 - Current ratio as of 31 December 2017 increased as compared to 2016, primarily due to decrease in short-term loans from financial institutions, and current portion of long-term loan.
- (2) Average collection periods in 2015, 2016 and 2017 were 46.23 days, 44.67 days and 50.65 days, respectively. Average collection periods in 2015 and 2016 were in line with normal business practice policy. However, average collection period in 2017 was higher than normal business practice policy, primarily due to a problem with internal payment system of a major customer at the end of 2017. The payments have been paid and the system corrected.
- (3) Average inventory holding periods in 2015, 2016 and 2017 were 61.15 days, 58.88 days and 53.48 days, respectively.
 - Average inventory holding period in 2016 was not much different from that of 2015 corresponding to slight changes in cost of sales and inventories during the period.
 - Average inventory holding period in 2017 decreased compared to 2016. This is primarily because the Company sold finished goods carried over from 2016 to a new customer in accordance with a sales contract, starting in the first quarter of 2017.
- (4) Average repayment periods in 2015, 2016 and 2017 were 63.40 days, 54.06 days and 54.75 days, respectively.
 - Average repayment period in 2016 decreased compared to 2015. This is primarily because the Company had cash surplus from operations and used it for trade payables.
 - Average repayment period in 2017 was not much different from that of 2016 and was in line with normal business practice.

The liquidity ratios above show that the Company manages its working capital and is capable of paying short-term commitments with the current ratio improving to more than 1 times in 2017. The Company's average collection period, average sales period and average repayment period were consistent, and in line with the Company's trade policy reflecting quality of the liquidity management. The collection period in 2017 increased somewhat from a customer's difficult situation but presently has been corrected.

Profitability Ratios

- (1) Net profit margins in 2015, 2016 and 2017 were 5.36%, 7.71% and 4.93%, respectively.

- Net profit margin in 2016 increased, compared to 2015 primarily due to the Company's increase in gross profit margin with marginal change in selling and administrative expenses compared with the prior year.
 - Net profit margin in 2017 decreased, compared to 2016. This was primarily due to increased sales and administrative expenses in preparation for production of KK6 kiln and future expansion plan both domestically and abroad, and increased finance costs of long-term loans for financing construction of KK3 and KK5 kilns that were completed in the fourth quarter of 2016. Part of the interest cost was capitalized as cost of KK3 and KK5 kilns in 2016, while interest cost incurred after completion of the construction of KK3 and KK5 kilns was expensed as finance cost in 2017.
- (2) Returns on equity in 2015, 2016 and 2017 were 11.82%, 15.48% and 9.53%, respectively.
- Return on equity in 2016 increased, compared to 2015, primarily due to increase in the Company's net profit with increased income and net profit margin.
 - Return on equity in 2017 decreased, compared to 2016, primarily due to decreased net profit of 2017 and increased shareholders' equity resulting from a capital increase by rights offering in the second quarter of 2017.

The profitability ratios above show that the Company's profitability is sound, reflected by various positive profitability ratios although net profit margins in 2017 decreased significantly on increased sales and administrative expenses in preparation for production of KK6 kiln and future expansion plan both domestically and abroad, and increased finance costs of long-term loans for financing construction of KK3 and KK5 kilns that were completed in the fourth quarter of 2016.

Efficiency Ratios

- (1) Returns on assets in 2015, 2016 and 2017 were 4.89%, 6.15% and 3.64%, respectively.
- Return on assets in 2015 increased, compared to 2015, primarily due to increased net profit on increased revenues and improved gross profit margin compared with the prior year.
 - Return on assets in 2017 decreased, compared to 2016, primarily due to decreased net profit and increased assets under construction which had yet to generate income.
- (2) Returns on fixed assets in 2015, 2016 and 2017 were 17.17%, 17.35% and 12.90%, respectively.
- Return on fixed assets in 2016 increased, compared to 2015. This was primarily because net profit increased on increased revenues and improved gross profit margin although fixed assets increased from construction of KK3 and KK5 kilns.
 - Return on fixed assets in 2017 decreased, compared to 2016, primarily due to decreased net profit in 2017 and increased assets under construction which had yet to generate income.

The above efficiency ratios show that the Company can operate its business reasonably well although in 2016 and 2017 it was expanding its business with various construction projects which had yet to generate income. The efficiency ratio was well maintained in 2016 and was moderately decreased in 2017 despite a significant decrease in net profit.

Financial Policy Analysis Ratios

Debt to equity ratios as of 31 December 2015, 2016 and 2017 were 1.42 times, 1.60 times and 1.63 times, respectively.

- Debt to equity ratio as of 31 December 2016 increased, compared to 31 December 2015, primarily due to increased long-term loans for financing construction of KK3 and KK5 kilns.
- Debt to equity ratio as of 31 December 2017 increased, compared to 31 December 2016, primarily due to increased loans from financial institutions despite of the capital increase by rights offering in the second quarter of 2017.

The above financial policy analysis ratios of the Company show that the Company is able to maintain the debt to equity ratio at a level not too high despite being in the period of investing in many projects. The Company's sources of funds came from both capital increase and borrowing of loans, and good operating performance of the Company also helps strengthen the shareholders' equity.

Major Factors and Influences that May Affect Future Performance and Financial Standing of the Company

1. The Company expanded its domestic production capacity to support business growth by constructing an additional quicklime kiln with production capacity of 109,500 tons per year and a quicklime grinding machine with production capacity of 100,000 tons per year, both at Kaeng Khoi Plant; and expanding production capacity of limestone at Thap Kwang mineral dressing plant to 3 million tons per year. During construction of the plant and important machinery, the Company will incur costs without having any sales income until commercial operation starts and products are sold to customers.

The construction of the additional quicklime kiln and quicklime grinding machine at Kaeng Khoi Plant mentioned above was completed and commercial operations began in the first quarter of 2018. The expansion of production capacity of the limestone grinding machine to 3 million tons per year will be completed and start commercial operations in the second quarter of 2018.

2. The Company set up a subsidiary in Laos to conduct an exploration for limestone and mining business. If there is a possibility of developing it to limestone mining for commercial purposes and a concession is granted, the Company will have another limestone source for expanding production and sales.
3. The Company set up two joint ventures in India which are constructing plants and important production machinery. Therefore, the two joint ventures companies have yet to generate income until commercial operations begins and products are sold to customers whereby the two joint venture companies can only sell products as stated in the joint venture agreement.
4. The Company plans to expand its domestic production capacity by constructing a new quicklime kiln (KK 4), and is exploring business opportunities in other countries with potential. If considered appropriate, the planned investment will be presented to the Company' s Board of Directors' meeting.

The Auditors' Report and Consolidated Financial Statements of Chememan Public Company Limited

See attachment.

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Chememan Public Company Limited
(Formerly known as "Chememan Company Limited")

Opinion

I have audited the accompanying consolidated financial statements of Chememan Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Chememan Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chememan Public Company Limited and its subsidiaries and of Chememan Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

I am responsible for the audit resulting in this independent auditor's report.

Thipawan Nananuwat
Certified Public Accountant (Thailand) No. 3459

EY Office Limited
Bangkok: 27 February 2018

Chememan Public Company Limited and its subsidiaries

(Formerly known as "Chememan Company Limited")

Statements of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	45,733,670	43,107,861	14,156,688	12,722,981
Trade and other receivables	8	388,465,922	337,163,583	381,544,742	350,035,604
Current portion of accounts receivable					
under installment sales	9	2,163,626	2,258,088	2,163,626	2,258,088
Short-term loans to related party	6	-	-	-	426,792
Inventories	10	279,913,156	254,035,872	243,285,662	225,559,160
Other current assets		22,726,115	13,881,598	22,494,788	13,705,937
Total current assets		739,002,489	650,447,002	663,645,506	604,708,562
Non-current assets					
Restricted bank deposits		559,601	570,597	-	-
Accounts receivable under installment sales					
- net of current portion	9	49,864,832	57,052,251	49,864,832	57,052,251
Long-term loan to related party	6	-	-	4,216,446	4,623,580
Investments in subsidiaries	11	-	-	128,108,282	126,620,871
Investments in joint ventures	12	13,853,316	-	15,083,016	-
Property, plant and equipment	13	2,256,313,402	1,919,109,247	2,225,134,835	1,880,712,076
Ore reserve	14	107,515,742	113,264,178	107,515,742	113,264,178
Advance payments for construction of					
plant and machinery		6,655,354	4,536,297	6,655,354	4,536,297
Intangible assets		7,988,968	8,016,271	-	-
Deferred tax assets	23	27,444,688	25,324,055	13,713,500	10,143,010
Other non-current assets		7,326,836	3,903,682	5,271,158	1,025,365
Total non-current assets		2,477,522,739	2,131,776,578	2,555,563,165	2,197,977,628
Total assets		3,216,525,228	2,782,223,580	3,219,208,671	2,802,686,190

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Statements of financial position (continued)
As at 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	263,871,659	393,963,560	263,871,659	393,963,560
Trade and other payables	16	329,889,208	303,226,226	302,413,950	284,068,331
Current portion of liabilities under					
finance lease agreements	17	24,410,081	23,073,126	24,410,081	23,073,126
Short-term loans from related parties	6	-	-	-	9,100,500
Current portion of long-term loans	18	71,765,860	192,377,089	71,765,860	192,377,089
Income tax payable		-	14,172,645	-	14,172,645
Other current liabilities		<u>33,633,925</u>	<u>28,773,073</u>	<u>31,520,468</u>	<u>26,782,181</u>
Total current liabilities		<u>723,570,733</u>	<u>955,585,719</u>	<u>693,982,018</u>	<u>943,537,432</u>
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion	17	58,926,633	30,466,000	58,926,633	30,466,000
Long-term loans, net of current portion	18	1,136,755,042	658,466,713	1,136,755,042	658,466,713
Provision for long-term employee benefits	19	57,230,747	49,437,048	56,325,856	49,437,048
Deferred tax Liabilities		664,408	-	651,093	-
Other non-current liabilities		<u>16,677,807</u>	<u>17,967,813</u>	<u>16,541,245</u>	<u>17,220,417</u>
Total non-current liabilities		<u>1,270,254,637</u>	<u>756,337,574</u>	<u>1,269,199,869</u>	<u>755,590,178</u>
Total liabilities		<u>1,993,825,370</u>	<u>1,711,923,293</u>	<u>1,963,181,887</u>	<u>1,699,127,610</u>

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Statements of financial position (continued)
As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
1,000 million ordinary shares of Baht 1 each					
(31 December 2016: 130 million ordinary shares of Baht 5 each)					
		<u>1,000,000,000</u>	<u>650,000,000</u>	<u>1,000,000,000</u>	<u>650,000,000</u>
Issued and fully paid up					
720 million ordinary shares of Baht 1 each					
	20				
(31 December 2016: 130 million ordinary shares of Baht 5 each)					
		720,000,000	650,000,000	720,000,000	650,000,000
Share premium		77,000,000	-	77,000,000	-
Capital surplus on share-based payment		28,996,825	28,996,825	28,996,825	28,996,825
Retained earnings					
Appropriated - statutory reserve	21	56,300,000	45,000,000	56,300,000	45,000,000
Unappropriated		340,500,236	342,321,161	373,729,959	379,561,755
Other components of shareholders' equity		<u>(5,466,118)</u>	<u>(2,368,570)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company		<u>1,217,330,943</u>	<u>1,063,949,416</u>	<u>1,256,026,784</u>	<u>1,103,558,580</u>
Non-controlling interests of the subsidiary		<u>5,368,915</u>	<u>6,350,871</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>1,222,699,858</u>	<u>1,070,300,287</u>	<u>1,256,026,784</u>	<u>1,103,558,580</u>
Total liabilities and shareholders' equity		<u>3,216,525,228</u>	<u>2,782,223,580</u>	<u>3,219,208,671</u>	<u>2,802,686,190</u>

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

Directors

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Statement of comprehensive income
For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		2,198,122,246	1,963,876,376	1,955,222,963	1,726,942,663
Other income		17,110,025	30,985,770	16,208,400	25,191,830
Total revenues		2,215,232,271	1,994,862,146	1,971,431,363	1,752,134,493
Expenses					
Cost of sales		1,375,030,385	1,210,336,088	1,262,967,640	1,092,129,333
Selling expenses		441,635,350	383,005,816	353,298,292	292,965,673
Administrative expenses		225,823,049	189,261,211	188,463,029	152,045,221
Total expenses		2,042,488,784	1,782,603,115	1,804,728,961	1,537,140,227
Profit before share of loss from investments in joint ventures, finance cost and income tax expenses					
		172,743,487	212,259,031	166,702,402	214,994,266
Share of loss from investments in joint ventures		(894,084)	-	-	-
Profit before finance cost and income tax expenses		171,849,403	212,259,031	166,702,402	214,994,266
Finance cost		(62,586,186)	(40,759,374)	(62,639,895)	(40,817,165)
Profit before income tax expenses		109,263,217	171,499,657	104,062,507	174,177,101
Income tax benefits (expenses)	23	42,245	(17,630,726)	1,505,697	(18,843,151)
Profit for the year		109,305,462	153,868,931	105,568,204	155,333,950
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency - net of income tax					
		(3,805,891)	(832,167)	-	-
Other comprehensive income for the year		(3,805,891)	(832,167)	-	-
Total comprehensive income for the year		105,499,571	153,036,764	105,568,204	155,333,950

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Statement of comprehensive income (continued)
For the year ended 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit attributable to:					
Equity holders of the Company		109,579,075	154,124,708	<u>105,568,204</u>	<u>155,333,950</u>
Non-controlling interests of the subsidiary		<u>(273,613)</u>	<u>(255,777)</u>		
		<u>109,305,462</u>	<u>153,868,931</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		106,481,527	153,292,541	<u>105,568,204</u>	<u>155,333,950</u>
Non-controlling interests of the subsidiary		<u>(981,956)</u>	<u>(255,777)</u>		
		<u>105,499,571</u>	<u>153,036,764</u>		
Earnings per share					
25					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.16</u>	<u>0.24</u>	<u>0.15</u>	<u>0.24</u>

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of equity					Other comprehensive income				
	Issued and paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total	
Appropriated - statutory reserve				Unappropriated	attributable to owners of the Company					
Balance as at 1 January 2016	650,000,000	-	28,996,825	45,000,000	188,196,453	(1,536,403)	910,656,875	6,606,648	917,263,523	
Profit for the year	-	-	-	-	154,124,708	-	154,124,708	(255,777)	153,868,931	
Other comprehensive income for the year	-	-	-	-	-	(832,167)	(832,167)	-	(832,167)	
Total comprehensive income for the year	-	-	-	-	154,124,708	(832,167)	153,292,541	(255,777)	153,036,764	
Balance as at 31 December 2016	650,000,000	-	28,996,825	45,000,000	342,321,161	(2,368,570)	1,063,949,416	6,350,871	1,070,300,287	
Balance as at 1 January 2017	650,000,000	-	28,996,825	45,000,000	342,321,161	(2,368,570)	1,063,949,416	6,350,871	1,070,300,287	
Profit for the year	-	-	-	-	109,579,075	-	109,579,075	(273,613)	109,305,462	
Other comprehensive income for the year	-	-	-	-	-	(3,097,548)	(3,097,548)	(708,343)	(3,805,891)	
Total comprehensive income for the year	-	-	-	-	109,579,075	(3,097,548)	106,481,527	(981,956)	105,499,571	
Increase share capital (Note 20)	70,000,000	77,000,000	-	-	-	-	147,000,000	-	147,000,000	
Interim dividend paid (Note 26)	-	-	-	-	(100,100,000)	-	(100,100,000)	-	(100,100,000)	
Transferred unappropriated retained earnings to statutory reserve	-	-	-	11,300,000	(11,300,000)	-	-	-	-	
Balance as at 31 December 2017	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	

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")

Statement of changes in shareholders' equity (Continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2016	650,000,000	-	28,996,825	45,000,000	224,227,805	948,224,630
Total comprehensive income for the year	-	-	-	-	155,333,950	155,333,950
Balance as at 31 December 2016	650,000,000	-	28,996,825	45,000,000	379,561,755	1,103,558,580
Balance as at 1 January 2017	650,000,000	-	28,996,825	45,000,000	379,561,755	1,103,558,580
Total comprehensive income for the year	-	-	-	-	105,568,204	105,568,204
Increase share capital (Note 20)	70,000,000	77,000,000	-	-	-	147,000,000
Interim dividend paid (Note 26)	-	-	-	-	(100,100,000)	(100,100,000)
Transferred unappropriated retained earnings to statutory reserve	-	-	-	11,300,000	(11,300,000)	-
Balance as at 31 December 2017	720,000,000	77,000,000	28,996,825	56,300,000	373,729,959	1,256,026,784

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

Chememan Public Company Limited and its subsidiaries

(Formerly known as "Chememan Company Limited")

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	109,263,217	171,499,657	104,062,507	174,177,101
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	160,040,262	127,094,182	154,121,631	121,684,693
Reduction of inventory to net realisable value	389,830	176,193	-	-
Gain on sales of building, equipment and motor vehicle	(1,566,469)	(1,048,086)	(992,165)	(1,048,086)
Write-off land, building, equipment and motor vehicle	5,597,578	9,362,140	5,597,578	9,362,140
Long-term employee benefits expenses	8,152,960	7,111,999	7,228,838	7,111,999
Unrealised loss (gain) on exchange	5,658,132	(2,090,147)	5,184,102	(1,902,854)
Loss on impairment in value of investments in subsidiary	-	-	690,465	429,086
Share of loss from investments in joint ventures	894,084	-	-	-
Interest income	(2,677,327)	(1,713,064)	(2,940,079)	(2,592,637)
Interest expenses	60,983,119	38,389,701	61,036,827	38,493,585
Profit from operating activities before changes in operating assets and liabilities	346,735,386	348,782,575	333,989,704	345,715,027
Operating assets (increase) decrease				
Trade and other receivables	(54,120,821)	(99,677,297)	(33,379,976)	(125,552,621)
Inventories	(26,267,114)	(5,324,688)	(17,726,502)	(12,441,465)
Accounts receivable under installment sales	2,258,088	3,682,000	2,258,088	3,682,000
Other current assets	(9,476,940)	3,101,865	(9,420,996)	1,307,209
Other non-current assets	(3,423,154)	6,818,862	(4,245,793)	(191,888)
Operating liabilities increase (decrease)				
Trade and other payables	26,444,394	48,410,746	18,049,555	63,124,701
Other current liabilities	4,859,691	12,898,884	4,737,126	16,139,788
Cash paid for long-term employee benefits	(340,030)	-	(340,030)	-
Other non-current liabilities	(2,570,249)	747,396	(1,959,415)	-
Cash flows from operating activities	284,099,251	319,440,343	291,961,761	291,782,751
Cash paid for interest expenses	(62,173,943)	(48,751,294)	(62,227,652)	(48,855,178)
Cash paid for income tax	(15,997,519)	(11,674,136)	(15,997,519)	(11,674,136)
Cash receipt from withholding tax refundable	1,039,839	-	1,039,839	-
Net cash flows from operating activities	206,967,628	259,014,913	214,776,429	231,253,437

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

Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Cash flow statement (continued)
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in restricted bank deposits	-	(570,597)	-	-
Decrease in loan to related parties	-	-	426,792	16,820,837
Increase in investments in subsidiary company	-	-	(2,177,875)	(6,647,328)
Increase in investments in joint ventures	(15,083,016)	-	(15,083,016)	-
Cash paid for advance payments for construction of plant and machinery	(6,655,354)	(4,536,297)	(6,655,354)	(4,536,297)
Acquisition of property, plant and equipment	(428,421,181)	(559,972,734)	(427,923,838)	(551,819,022)
Acquisition of intangible asset	(883,637)	-	-	-
Interest income	4,876,260	2,381,640	5,139,011	3,261,213
Cash receipt from sales of building, equipment and motor vehicle	3,639,569	1,104,776	1,949,659	1,104,776
Net cash flows used in investing activities	(442,527,359)	(561,593,212)	(444,324,621)	(541,815,821)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(130,091,901)	31,263,560	(130,091,901)	31,263,560
Cash paid for liabilities under finance lease agreements	(33,811,898)	(19,018,825)	(33,811,898)	(19,018,825)
Cash receipt from loan from related parties	-	30,000,000	-	38,295,124
Repayment of loans from related parties	-	(60,000,000)	(9,100,500)	(61,046,265)
Cash receipt from loan from shareholder	1,214,000,000	-	1,214,000,000	-
Repayment of loan from shareholder	(1,214,000,000)	-	(1,214,000,000)	-
Cash receipt from long-term loans	1,220,969,977	452,218,019	1,220,969,977	452,218,019
Repayment of long-term loans	(857,813,779)	(124,127,074)	(857,813,779)	(124,127,074)
Cash paid for loan front-end fee	(6,070,000)	-	(6,070,000)	-
Increase in share capital	147,000,000	-	147,000,000	-
Interim dividend paid	(100,100,000)	-	(100,100,000)	-
Net cash flows from financing activities	240,082,399	310,335,680	230,981,899	317,584,539
Decrease in translation adjustments	(1,896,859)	(417,574)	-	-
Net increase in cash and cash equivalents	2,625,809	7,339,807	1,433,707	7,022,155
Cash and cash equivalents at beginning of year	43,107,861	35,768,054	12,722,981	5,700,826
Cash and cash equivalents at end of year	45,733,670	43,107,861	14,156,688	12,722,981
Supplemental cash flow information				
Non-cash transactions				
Increased in accounts payable for purchase fixed asset	-	6,077,659	-	6,077,659
Transfer advance payments for construction of plant and machinery to property, plant and equipment	4,536,297	144,669,215	4,536,297	144,669,215
Assets acquired under finance lease agreements	63,609,486	11,327,383	63,609,486	11,327,383
Increased in ore reserve from accounts payable of concession	-	5,800,000	-	5,800,000

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

**Chememan Public Company Limited and its subsidiaries
(Formerly known as "Chememan Company Limited")
Notes to consolidated financial statements
For the year ended 31 December 2017**

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 addresses of the Company is at 195/11-12 Lake Rajada Office Complex 2, 10th-11st Floor, Rajadapisek Road, Klongtoey, Bangkok and the Company has 4 factories located at Saraburi and Rayong provinces.

The Company registered the change its status from limited company to be a public limited company and change the Company's name from "Chememan Company Limited" to "Chememan Public Company Limited" with the Ministry of Commerce on 10 August 2017.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Chememan Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
Tubkwang Co., Ltd.	Ceases its operation	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 International Pte. Ltd.	On process of termination	Singapore	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) 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.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) 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.

2.3 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 year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

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.

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

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

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholder's equity, depending on the type of investment that is reclassified.

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.

Depreciation of the Company and its subsidiaries are included in determining income.

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.

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" consist of cost of the concession and related development costs which are presented at cost less accumulated depletion. Depletion of 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

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 Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

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

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 is 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 Company and its subsidiaries 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.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as 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 post-employment benefits 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.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries 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 Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

At the end of each reporting period, the Company and its subsidiaries 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.

5. Significant accounting judgements and estimates

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

Leases

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

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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 estimate useful lives and residual values when there are any changes.

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries 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 Company and its subsidiaries and those related parties.

					(Unit: Million Baht)
	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	264	247	<i>Mutual agreed prices</i>
Interest income	-	-	-	1	<i>6.25% and 6.5% per annum</i>
Services expenses	-	-	10	7	<i>Contract price</i>
<u>Transactions with related company</u>					
(related by common director)					
Services expenses	1	-	1	-	<i>Contract price</i>
<u>Transactions with management and directors</u>					
Sales of fixed asset	2	-	2	-	<i>Mutual agreed prices</i>
Interest expenses	6	1	6	1	<i>5.70% to 11% per annum</i>

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related party (Note 8)</u>				
Subsidiary	-	-	71,302	77,752
<u>Other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	66	120
Directors	-	16	-	16
Total other receivables - related parties	-	16	66	136
<u>Other payables - related parties (Note 16)</u>				
Subsidiaries	-	-	1,512	1,212
Related companies (related by common director)	40	-	40	-
Total other payables - related parties	40	-	1,552	1,212
<u>Advance receipt - related party (Note 16)</u>				
Subsidiary	-	-	7,272	-

Loans to related parties and loans from related parties

As at 31 December 2017 and 2016, the balance of loans between the Company and those related parties and the movement are as follows:

		(Unit: Thousand Baht)			
		Separate financial statements			
		31 December	Increase	Decrease	31 December
Short-term loan to related party	Relationship	2016	during the year	during the year	2017
Northman Company Limited	Subsidiary	427	-	(427)	-
Total		427	-	(427)	-

		(Unit: Thousand Baht)				
		Separate financial statements				
		31 December	Increase	Decrease	Unrealised loss	31 December
Long-term loan to related party	Relationship	2016	during the year	during the year	from translation of	2017
					foreign currency	
Northman Company Limited	Subsidiary	4,624	-	-	(408)	4,216
Total		4,624	-	-	(408)	4,216

(Unit: Thousand Baht)

		Consolidated financial statements			
		31 December	Increase	Decrease	31 December
Short-term loan from related parties	Relationship	2016	during the year	during the year	2017
Buranachat Co., Ltd.	Shareholder	-	1,214,000	(1,214,000)	-
Total		-	1,214,000	(1,214,000)	-

(Unit: Thousand Baht)

		Separate financial statements			
		31 December	Increase	Decrease	31 December
Short-term loans from related parties	Relationship	2016	during the year	during the year	2017
Tubkwang Co., Ltd.	Subsidiary	1,900	-	(1,900)	-
Chememan International Pte. Ltd.	Subsidiary	7,201	-	(7,201)	-
Buranachat Co., Ltd.	Shareholder	-	1,214,000	(1,214,000)	-
Total		9,101	1,214,000	(1,223,101)	-

Loans to related party

The short-term loan to Northman Company Limited bearing interest at the rate MLR per annum. During the year, the Company received the loan repayment in full (2016: outstanding balance of USD 0.01 million).

The long-term loans to Northman Company Limited of USD 0.13 million (2016: outstanding balance of USD 0.13 million) bearing interest at the rate MLR per annum, the loans were repaid in year 2020 and year 2024.

Loans from related parties

The short-term loan from Tubkwang Co., Ltd. bearing interest at the rate MLR per annum. During the year, the Company repaid the loan in full (2016: outstanding balance of Baht 1.9 million).

The short-term loan from Chememan International Pte. Ltd. is no interest charged. During the year, the Company repaid the loan in full (2016: outstanding balance of USD 0.2 million).

The short-term loan from Buranachart Co., Ltd. bearing interest at the rate MLR less 0.5% per annum. During the year, the Company received loan amount Baht 1,214 million and repaid the loan in full.

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	89,235	71,355	78,390	62,661
Post-employment benefits	5,774	5,376	5,599	5,376
Total	<u>95,009</u>	<u>76,731</u>	<u>83,989</u>	<u>68,037</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	233	136	226	128
Bank deposits	45,501	42,972	13,931	12,595
Total	<u>45,734</u>	<u>43,108</u>	<u>14,157</u>	<u>12,723</u>

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.04 and 1.53 percent per annum (2016: between 0.04 and 2.00 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	71,302	77,752
Total trade receivables - related party	<u>-</u>	<u>-</u>	<u>71,302</u>	<u>77,752</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	292,684	252,074	228,475	196,945
Past due				
Up to 3 months	39,875	32,170	28,984	25,421
3 - 6 months	770	776	10	560
6 - 12 months	9	212	-	-
Total trade receivables - unrelated parties	<u>333,338</u>	<u>285,232</u>	<u>257,469</u>	<u>222,926</u>
Total trade receivables	<u>333,338</u>	<u>285,232</u>	<u>328,771</u>	<u>300,678</u>
<u>Other receivables</u>				
Prepaid expense	7,564	10,835	5,768	8,557
Advance and other receivables - related parties	-	16	66	136
Advance and other receivables - unrelated parties	47,564	41,081	46,940	40,665
Total other receivables	<u>55,128</u>	<u>51,932</u>	<u>52,774</u>	<u>49,358</u>
Trade and other receivables	<u>388,466</u>	<u>337,164</u>	<u>381,545</u>	<u>350,036</u>

As at 31 December 2017, the Company has advance payments for goods to a company in Vietnam amounting to Baht 42 million (2016: Baht 39 million) that is included in the advance and other receivables - unrelated parties. This company is the same company in 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.

9. Accounts receivable under installment sales

As at 31 December 2017, net receivables of the Company under installment sales machine agreements amounted to Baht 52 million (2016: Baht 59 million). The terms of the agreements are generally 10 years and interest is charged at 4.65 percent per annum (2016: 4.65 percent per annum).

	(Unit: Thousand Baht)							
	Consolidated and Separate financial statements							
	2017				2016			
	Less than 1 year	1 - 5 years	More than 5 years	Total	Less than 1 year	1 - 5 years	More than 5 years	Total
Accounts receivable under installment sales	4,541	32,156	26,805	63,502	4,979	28,483	41,150	74,612
Unearned interest income	(2,377)	(7,459)	(1,638)	(11,474)	(2,721)	(9,204)	(3,377)	(15,302)
Accounts receivable under installment sales - net	<u>2,164</u>	<u>24,697</u>	<u>25,167</u>	<u>52,028</u>	<u>2,258</u>	<u>19,279</u>	<u>37,773</u>	<u>59,310</u>

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories – net	
	2017	2016	2017	2016	2017	2016
	Finished goods	137,421	107,609	(566)	(176)	136,855
Work in process	3,095	2,511	-	-	3,095	2,511
Raw materials	82,829	81,394	-	-	82,829	81,394
Packing materials	12,317	11,961	-	-	12,317	11,961
Spare parts and factory supplies	33,700	36,217	-	-	33,700	36,217
Goods in transit	11,117	14,520	-	-	11,117	14,520
Total	280,479	254,212	(566)	(176)	279,913	254,036

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
	Finished goods	111,345	93,476	-	-	111,345
Work in process	3,095	2,511	-	-	3,095	2,511
Raw materials	82,829	81,394	-	-	82,829	81,394
Packing materials	12,317	11,961	-	-	12,317	11,961
Spare parts and factory supplies	33,700	36,217	-	-	33,700	36,217
Total	243,286	225,559	-	-	243,286	225,559

During the current year, the subsidiary reduced cost of inventories by Baht 0.4 million (2016: Baht 0.2 million) to reflect the net realisable value. This was included in cost of sales.

11. Investments in subsidiaries

Company name	Currency	Paid-up capital		Shareholding percentage		Cost	
		2017	2016	2017 Percent	2016 Percent	2017 Thousand Baht	2016 Thousand Baht
Tubkwang Co., Ltd. (Ceases its operation)	Thousand Baht	1,875	1,875	99.99	99.99	1,875	1,875
Chememan Australia Pty. Ltd.	Thousand AUD	3,220	3,220	99.99	99.99	95,674	95,674
Northman Company Limited	Million VND	2,336	2,336	100.00	100.00	3,721	3,721
Chememan International Pte. Ltd. (On the process of termination)	Thousand USD	300	300	100.00	100.00	9,240	9,240
Chememan Lao Company Limited	Thousand USD	500	500	60.00	60.00	10,742	10,742
Chememan India Private Limited	Thousand Rupee	16,897	12,637	99.99	99.99	8,825	6,647
Total						130,077	127,899
Less: Allowance for impairment in value of investments						(1,969)	(1,278)
						128,108	126,621

No dividend was received from the above subsidiary companies during the year ended 31 December 2017 and 2016.

Chememan International Pte. Ltd.

On 20 July 2017, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Chememan International Pte. Ltd. At present, the subsidiary is on the process of termination. This subsidiary is not a significant segment of the Group, therefore, there is no significant impact on the consolidated financial statements.

Chememan India Private Limited

On 22 September 2017, the Company made an additional investment in 266,298 ordinary shares of Chememan India Private Limited, at a price of INR 16 per share, totaling INR 4.3 million or Baht 2.2 million. The Company still had a 99.99% interest in such company.

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:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			2017 (%)	2016 (%)	2017	2016	2017	2016	
Siriman Chemicals India Private Limited	Manufacture and distribute of lime products	India	50	-	28	-	-	-	
Easternbulk Lime Products Private Limited	Manufacture and distribute of lime products	India	50	-	15,055	-	14,189	-	
Less: Translation adjustment						-	-	(336)	-
						<u>15,083</u>	<u>-</u>	<u>13,853</u>	<u>-</u>

		(Unit: Thousand Baht)				
		Separate financial statements				
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost	
			2017 (%)	2016 (%)	2017	2016
Siriman Chemicals India Private Limited	Manufacture and distribute of lime products	India	50	-	28	-
Easternbulk Lime Products Private Limited	Manufacture and distribute of lime products	India	50	-	15,055	-
Total					15,083	-

12.2 Share of loss

During the year ended 31 December 2017 and 2016, the Company recognised its share of loss from investments in the joint ventures in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Siriman Chemicals India Private Limited	28	-
Easternbulk Lime Products Private Limited	866	-
Total	894	-

12.3 Summarised financial information about joint ventures

Summarised information about financial position as at 31 December 2017 and 2016.

	(Unit: Thousand Baht)			
	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited	
	2017	2016	2017	2016
Cash and cash equivalents	34	-	8,518	-
Trade and other receivable	-	-	9,982	-
Plant, property and equipment	-	-	9,787	-
Trade and other payable	(79)	-	(2,264)	-
Other current liabilities	-	-	(11)	-
Net assets	(45)	-	26,012	-
Shareholding portion	50%	-	50%	-
Net assets of joint ventures based on equity method	(23)	-	13,006	-
Elimination entry	23	-	-	-
Goodwill	-	-	847	-
Carrying amounts of joint ventures based on equity method	-	-	13,853	-

Summarised information about profit and loss for the year ended 31 December 2017 and 2016.

	(Unit: Thousand Baht)			
	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Administrative expenses	(97)	-	(1,733)	-
Loss for the year	(97)	-	(1,733)	-

12.4 Investment in joint ventures with capital deficit

The Company recognised share of losses from investment in one joint venture, until the value of the investments approached zero. Subsequent losses incurred by those joint venture have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those joint venture. The amount of such unrecognised share of losses is set out below.

Company's name	(Unit: Thousand Baht)			
	Unrecognised share of losses			
	Share of losses for the year		Cumulative share of for losses up to 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Siriman Chemicals India Private Limited	23	-	23	-
Total	23	-	23	-

Siriman Chemicals India Private Limited

On 6 September 2016, the Company entered into a shareholder agreement, in order to make a joint investment with Sanvira Industries Limited and Sanvira Chemicals Private Limited, which were incorporated in India. Subsequently, on 3 May 2017, the Company invested in 5,000 ordinary shares of Siriman Chemicals India Private Limited, which was incorporated in India, at a price of INR 10 per share, totaling INR 50,000 or Baht 27,860. As a result, the Company had a 50% interest in the issued and paid-up shares of such company.

Easternbulk Lime Products Private Limited

On 17 May 2017, the Company entered into a shareholder agreement in order to make a joint investment with Easternbulk Trading and Shipping Private Limited, which was incorporated in India.

On 13 July 2017, the Company invested in 500 ordinary shares of Easternbulk Lime Products Private Limited, which was incorporated in India, by purchasing shares from Easternbulk Trading and Shipping Private Limited, at a price of INR 218 per share, totaling INR 109,000 or Baht 57,936. As a result, the Company had a 50% interest in the issued and paid-up shares of such company.

On 15 September 2017, the Company made an additional investment in 95,850 ordinary shares from an increase in share capital of such company, at a price of INR 200 per share, totaling INR 19,170,000 or Baht 9,963,000.

On 8 December 2017, the Company made an additional investment in 49,530 ordinary shares from an increase in share capital of such company, at a price of INR 200 per share, totaling INR 9,906,000 or Baht 5,034,400. The Company still had a 50% interest in such company.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	
Cost:							
1 January 2016	156,277	85,962	289,051	1,128,765	36,673	191,652	2,030,343
Additions	-	687	4	20,389	2,291	14,134	722,047
Capitalised interest	-	-	-	-	-	-	11,160
Transfers	-	26,982	213,162	558,886	5,598	-	(804,628)
Disposals/ write-off	-	(5,783)	(52)	(21,110)	(4,622)	(7,331)	(45,768)
Translation adjustment	-	(32)	-	(662)	(6)	(100)	(800)
31 December 2016	156,277	107,816	502,165	1,686,268	39,334	198,355	2,716,982
Additions	22,500	624	1,221	14,739	4,081	64,711	496,567
Capitalised interest	-	-	-	-	-	-	3,282
Transfers	-	(756)	35,308	61,641	5,124	-	(101,317)
Disposals/ write-off	-	(6,046)	(2,141)	(20,301)	(2,034)	(12,891)	(43,413)
Translation adjustment	-	(59)	-	(1,093)	(17)	(199)	(1,368)
31 December 2017	178,777	101,579	536,553	1,741,254	47,088	249,976	3,172,050
Accumulated depreciation:							
1 January 2016	-	51,845	53,177	465,653	28,009	111,253	708,937
Depreciation for the year	-	7,594	15,978	77,400	4,323	16,152	121,447
Depreciation on disposals	-	(5,782)	(24)	(16,540)	(4,543)	(6,238)	(33,127)
Translation adjustment	-	(16)	-	(329)	(5)	(34)	(384)
31 December 2016	-	53,641	69,131	526,184	27,784	121,133	797,873
Depreciation for the year	-	7,589	24,532	96,284	6,823	19,064	154,292
Depreciation on disposals	-	(6,026)	(1,141)	(16,504)	(1,968)	(10,103)	(35,742)
Translation adjustment	-	(37)	-	(587)	(9)	(53)	(686)
31 December 2017	-	55,167	92,522	605,377	32,630	130,041	915,737
Net book value:							
31 December 2016	156,277	54,175	433,034	1,160,084	12,150	77,222	1,919,109
31 December 2017	178,777	46,412	444,031	1,135,877	14,458	119,935	2,256,313
Depreciation for the year							
2016 (Baht 111 million included in manufacturing cost, and balance in selling and administrative expenses)							121,447
2017 (Baht 144 million included in manufacturing cost, and balance in selling and administrative expenses)							154,292

(Unit: Thousand Baht)

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
Cost:								
1 January 2016	156,277	83,556	289,051	1,078,492	36,244	184,140	141,963	1,989,723
Additions	-	-	4	18,212	2,064	12,852	680,761	713,893
Capitalised interest	-	-	-	-	-	-	11,160	11,160
Transfers	-	26,982	213,161	555,106	5,598	-	(800,847)	-
Disposals/write-off	-	(5,783)	(52)	(21,110)	(4,622)	(7,331)	(6,870)	(45,768)
31 December 2016	156,277	104,755	502,164	1,630,700	39,284	189,661	26,167	2,649,008
Additions	22,500	624	1,221	14,402	4,071	64,711	388,541	496,070
Capitalised interest	-	-	-	-	-	-	3,282	3,282
Transfers	-	(756)	35,308	61,641	5,124	-	(101,317)	-
Disposals/write-off	-	(6,046)	(2,140)	(20,301)	(2,034)	(10,984)	-	(41,505)
31 December 2017	178,777	98,577	536,553	1,686,442	46,445	243,388	316,673	3,106,855
Accumulated depreciation:								
1 January 2016	-	51,053	53,177	444,234	27,676	109,245	-	685,385
Depreciation for the year	-	7,075	15,978	73,277	4,275	15,433	-	116,038
Depreciation on disposals	-	(5,782)	(24)	(16,540)	(4,543)	(6,238)	-	(33,127)
31 December 2016	-	52,346	69,131	500,971	27,408	118,440	-	768,296
Depreciation for the year	-	7,024	24,532	91,805	6,741	18,272	-	148,374
Depreciation on disposals	-	(6,026)	(1,141)	(16,504)	(1,968)	(9,311)	-	(34,950)
31 December 2017	-	53,344	92,522	576,272	32,181	127,401	-	881,720
Net book value:								
31 December 2016	156,277	52,409	433,033	1,129,729	11,876	71,221	26,167	1,880,712
31 December 2017	178,777	45,233	444,031	1,110,170	14,264	115,987	316,673	2,225,135
Depreciation for the year								
2016 (Baht 111 million included in manufacturing cost, and balance in selling and administrative expenses)								116,038
2017 (Baht 144 million included in manufacturing cost, and balance in selling and administrative expenses)								148,374

During the year ended 31 December 2017, the Company capitalised interest amounting to Baht 3 million to the costs of plant, machinery and equipment construction. 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 4.20% to 4.27% per annum. (2016: the construction of machinery and equipment have been financed with a loan from financial institution. Borrowing costs amounting to Baht 11 million were capitalised).

As at 31 December 2017, the Company and its subsidiaries had motor vehicles under finance lease agreements with net book value amounting to Baht 112 million (2016: Baht 71 million) (the Company only: Baht 112 million, 2016: Baht 71 million).

As at 31 December 2017, 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 265 million (2016: Baht 250 million) (the Company only: Baht 260 million, 2016: Baht 250 million).

As at 31 December 2017, the Company has mortgaged its land and structures thereon and machinery with net book value of approximately Baht 1,271 million (2016: Baht 1,339 million including amount Baht 752 million which was in the process of being mortgaged with a financial institution) as collateral against credit facilities received from financial institution.

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 summarised below:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Total costs	165,032	165,032
Less: Accumulated depletion	(57,516)	(51,768)
Net	<u>107,516</u>	<u>113,264</u>
Depletion for the year	<u>5,748</u>	<u>5,647</u>

A reconciliation of the net book value of ore reserve for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	113,264	113,111
Increase in cost of concession	-	5,800
Amortisation for the year	<u>(5,748)</u>	<u>(5,647)</u>
Net book value at end of year	<u>107,516</u>	<u>113,264</u>

Under the conditions of the above concession, the Company's mining operations must comply with the approved mining plans, and 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 government for the concession issuance. The concession period is 25 years, which will expire in 2040.

15. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)		Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans from financial institutions	3.85 - 4.20	4.00 - 4.29	<u>263,872</u>	<u>393,964</u>
Total			<u>263,872</u>	<u>393,964</u>

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - unrelated parties	143,196	149,733	143,196	149,733
Other payables - related parties	40	-	1,552	1,212
Other payables - unrelated parties	124,744	90,063	92,890	71,236
Accrued expenses - unrelated parties	61,180	60,255	57,022	58,712
Advance receipt - related party	-	-	7,272	-
Advance receipt from customers	729	3,175	482	3,175
Total trade and other payables	<u>329,889</u>	<u>303,226</u>	<u>302,414</u>	<u>284,068</u>

17. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	90,424	57,492
Less: Deferred interest expenses	(7,087)	(3,953)
Total	83,337	53,539
Less: Portion due within one year	(24,410)	(23,073)
Liabilities under finance lease agreements - net of current portion	<u>58,927</u>	<u>30,466</u>

The Company has 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 4 - 5 years.

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

	(Unit: Thousand Baht)					
	Consolidated and Separate financial statements					
	2017			2016		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	27,445	62,979	90,424	25,199	32,293	57,492
Deferred interest expenses	(3,035)	(4,052)	(7,087)	(2,126)	(1,827)	(3,953)
Present value of future minimum lease payments	<u>24,410</u>	<u>58,927</u>	<u>83,337</u>	<u>23,073</u>	<u>30,466</u>	<u>53,539</u>

18. Long-term loans

		(Unit: Thousand Baht)	
		Consolidated and Separate financial statements	
		<u>2017</u>	<u>2016</u>
Credit facilities	Interest rate per annum		
1) Baht 280 million	THBFIX 1M + Fixed percentage	-	88,250
2) USD 8.7 million	LIBOR 1M + Fixed percentage	-	99,564
3) Baht 670 million	THBFIX 1M + Fixed percentage	-	663,030
4) Baht 1,214 million	MLR - Fixed percentage	1,214,000	-
Less: Deferred loan front-end fee		(5,479)	-
Total		1,208,521	850,844
Less: Portion due within one year		(71,766)	(192,377)
Long-term loans - net of current portion		<u>1,136,755</u>	<u>658,467</u>

During the current year, the Company received loan amount Baht 1,214 million from a shareholder, which was used to settle the balance of the former short-term and long-term loans and related interest payable. Subsequently, the Company received loan amount Baht 1,214 million from a local financial institution, which was used to settle the whole balance of loan from its major shareholder.

The loan principal is to be repaid in quarterly installments as from June 2018 to March 2025, carried interest at MLR less 1.5% per annum and secured by the mortgage of the Company's land and structure thereon and most of its machinery.

The loan agreements contain covenants as specified in that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratios according to the agreements.

19. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee				
benefits at beginning of year	49,437	42,325	49,437	42,325
Current service cost	6,880	5,941	5,956	5,941
Interest cost	1,273	1,171	1,273	1,171
Benefits paid during the year	(340)	-	(340)	-
Translation adjustment	(19)	-	-	-
Provision for long-term employee				
benefits at end of year	<u>57,231</u>	<u>49,437</u>	<u>56,326</u>	<u>49,437</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	3,947	3,727	3,947	3,727
Selling and administrative expenses	4,206	3,385	3,282	3,385
Total expenses recognised in profit or loss	<u>8,153</u>	<u>7,112</u>	<u>7,229</u>	<u>7,112</u>

The Company expect to pay Baht 0.5 million of long-term employee benefits during the next year (2016: Baht 5.5 million).

As at 31 December 2017, the weighted average duration of the long-term employee benefit liabilities is 14 years (2016: 14 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated and Separate financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	3	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 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated and Separate financial statements			
	2017		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,499)	4,034	(3,313)	3,820
Salary increase rate	4,825	(4,251)	4,123	(3,650)

20. Share capital

A) On 31 May 2017, the Extraordinary General Meeting No. 1/2017 of shareholders approved an increase in the Company's registered share capital from Baht 650 million (130 million ordinary shares of Baht 5 each) to Baht 720 million (144 million ordinary shares of Baht 5 each), through the issue of 14 million ordinary shares to the existing shareholders at a price of Baht 10.50 each in a ratio of 28 new ordinary shares for every 260 existing ordinary shares for its use as working capital. The Company already received full settlement of the addition share capital and registered the increase in its share capital with the Ministry of Commerce on 14 June 2017.

B) On 8 August 2017, the Extraordinary General Meeting of shareholders No.2/2017 passed a resolution to approve the followings.

1. To change the par value of the Company's ordinary shares from Baht 5 per share to Baht 1 per share, resulting in an increase in the number of ordinary shares from 144 million shares to 720 million shares. The Company registered the change in par value with the Ministry of Commerce on 10 August 2017.
2. To increase the registered share capital of the Company from Baht 720 million (720 million ordinary shares of Baht 1 each) to Baht 1,000 million (1,000 million ordinary shares of Baht 1 each) through the issuance of an additional 280 million ordinary shares of Baht 1 each to be reserved for an initial public offering (IPO). The Company registered the ordinary share increase with the Ministry of Commerce on 10 August 2017.

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 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.

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	319,980	279,468	300,455	259,220
Transportation expenses	470,277	468,118	386,169	322,886
Fuel charge	306,781	254,151	306,781	254,151
Electric expenses	132,849	103,973	132,539	103,630
Depreciation and amortisation	160,040	127,094	154,122	121,685
Raw materials and consumables used	496,046	376,149	496,046	376,149
Changes in inventories of finished goods and work in progress	(30,396)	22,188	(18,453)	552

23. Income tax

Income tax expenses (benefits) for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	-	20,750	-	20,750
Adjustment in respect of income tax of previous year	1,414	(399)	1,414	(399)
Deferred tax:				
Relating to origination of temporary differences	(1,880)	(2,113)	(865)	(1,508)
Relating to origination and reversal of tax losses carried forward	424	(608)	(2,055)	-
Tax expenses (benefits) reported in the statement of comprehensive income	<u>(42)</u>	<u>17,630</u>	<u>(1,506)</u>	<u>18,843</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	109,263	171,499	104,063	174,177
Applicable tax rate	17 - 30%	17 - 30%	20%	20%
Accounting profit before tax multiplied by income tax rate	20,424	35,499	20,813	34,835
Adjustment in respect of income tax of previous year	1,414	(399)	1,414	(399)
Share of loss from investments in joint ventures	179	-	-	-
Previously unrecognised deferred tax assets or unused tax loss of subsidiary	-	(3,033)	-	-
Deferred tax assets which were not recognised during the year	1,178	838	-	-
Effect of preparing the consolidated financial statement	407	183	-	-
Effects of:				
Promotional privileges (Note 24)	(24,258)	(15,705)	(24,258)	(15,705)
Non-deductible expenses	2,053	2,886	1,965	2,751
Additional expense deductions allowed	(565)	(2,187)	(565)	(2,187)
Others	(874)	(452)	(875)	(452)
Total	<u>(23,644)</u>	<u>(15,458)</u>	<u>(23,733)</u>	<u>(15,593)</u>
Tax expense (benefits) reported in the statement of comprehensive income	<u>(42)</u>	<u>17,630</u>	<u>(1,506)</u>	<u>18,843</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Provision for long-term employee benefits	11,721	9,887	11,265	9,887
Unused tax loss	14,152	14,576	2,055	-
Others	1,572	861	394	256
Total	27,445	25,324	13,714	10,143
Deferred tax liabilities				
Deferred loan front-end fee	651	-	651	-
Others	14	-	-	-
Total	665	-	651	-

As at 31 December 2017, the subsidiaries have deductible unused tax losses totaling Baht 8 million (2016: Baht 4 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 amounting to Baht 8 million will expire by 2025.

24. Promotional privileges

The Company has received investment promotional privileges from the Board of Investment (BOI) for the manufacture of chemical for industrial. 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	2342(2)/ 2555	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	8 years	3 years	3 years	3 years
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	Granted	Non-granted	Non-granted	Non-granted
3. Date of first earning operating income	15 February 2013	2 September 2016	Not yet operate	Not yet operate	Not yet operate	Not yet operate

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

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales						
Domestic sales	443,384	183,203	462,693	658,673	906,077	841,876
Export sales	315,123	240,292	734,023	644,775	1,049,146	885,067
Total sales	<u>758,507</u>	<u>423,495</u>	<u>1,196,716</u>	<u>1,303,448</u>	<u>1,955,223</u>	<u>1,726,943</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, after adjusting the number of shares for the year ended as at 31 December 2016 to reflect the impact of the change in par value described in Note 20 to the financial statements. In this respect, the number of ordinary shares was adjusted as if the share split had occurred at the beginning of the first reporting year.

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Earnings per share				
Profit for the year (Thousand Baht)	109,579	154,125	105,568	155,334
Weighted average number of ordinary shares (Thousand shares)	688,548	650,000	688,548	650,000
Profit attributable to equity holders of the Company (Baht per share)	0.16	0.24	0.15	0.24

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 2017 to 31 March 2017 and for the year 2016 and 2015	Board of Directors' meeting on 12 May 2017	100.1	0.77
Total dividend for 2017		100.1	0.77

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 Company and its subsidiaries are principally engaged in one operating segment which is the manufacture and distribution of mineral and chemicals.

Major customers information

For the year 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues (2016: Baht 207 million derived from one major customer, arising from domestic sales).

Geographic information

The Company and its subsidiaries'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 and distributes mineral and chemicals. The major revenue of overseas subsidiaries is from Australia. Therefore financial information by segment of the Company and its subsidiaries has been presented by geographic area, as follows:

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	1,691	1,480	507	484	-	-	2,198	1,964
Intersegment revenues	264	247	-	8	(264)	(255)	-	-
Total revenues	1,955	1,727	507	492	(264)	(255)	2,198	1,964
Segment operating profit (loss)	693	635	125	125	5	(6)	823	754
Unallocated income and expenses:								
Other income							17	31
Selling expenses							(442)	(384)
Administrative expenses							(226)	(189)
Share of loss from investments in joint ventures							(1)	-
Financial cost							(62)	(41)
Income tax expenses							-	(17)
Profit for the year							109	154

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment	2,225	1,880	31	39	-	-	2,256	1,919
Unallocated assets							961	863
Total assets							3,217	2,782

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 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 2017 amounting to approximately Baht 7.5 million (2016: Baht 6.6 million) were recognised as expenses.

29. Commitments and contingent liabilities

29.1 Capital commitments

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

Currency	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Million Baht	89.0	27.4
Million USD	-	0.1
Million EUR	0.1	-

- 2) As at 31 December 2017, the Company had capital commitment amounting to INR 71.4 million (2016: INR 74.0 million) in respect of the uncalled portion of investments in Chememan India Private Limited and Siriman Chemicals India Private Limited.

29.2 Operating lease and service commitments

- 1) The Company and its subsidiaries 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:

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	23.4	16.2	19.1	11.0
In over 1 and up to 5 years	17.7	16.2	13.0	7.8

- 2) The Company has entered into marketing service agreements with two subsidiaries as follows.
 - (2.1) Northman Company Limited whereby the Company is committed to pay service fee amounting VND 375 million per month in the year 2018. The term of the agreement can be extended with the manual agreement of the parties.
 - (2.2) Chememan India Private Limited whereby the Company is committed to pay service fee amounting USD 25,000 per quarter for the second quarter of 2017 to the first quarter of 2018. The term of the agreement can be extended with the manual agreement of the parties.
- 3) 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 2019.
- 4) The Company is committed to make contributions to the funds on the bases and at the rates stipulated in an appendix to the concession agreement. In addition, the Company must comply with the rules and conditions stipulated in the concession agreement.
- 5) 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.

29.3 Guarantees

- (1) As at 31 December 2017 and 2016, the Company and its subsidiaries 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	
		2017	2016	2017	2016
Guarantee tax refund	Million Baht	4.3	17.8	4.3	17.8
Guarantee electricity use	Million Baht	12.0	12.1	12.0	12.1
Guarantee performance and others	Million Baht	11.5	15.0	11.5	15.0
Guarantee land lease agreement	Thousand	22	22	-	-
	AUD				

30. Financial instruments

30.1 Financial risk management

The Company and its subsidiaries' 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, short-term loans from related parties and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, accounts receivable under installment sales and loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries 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.

Interest rate risk

The Company and its subsidiaries' 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, loans from related parties and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	46	-	46	0.04 - 1.53
Trade and other receivables	-	-	-	-	388	388	-
Accounts receivable under installment sales	2	25	25	-	-	52	4.65
	<u>2</u>	<u>25</u>	<u>25</u>	<u>46</u>	<u>388</u>	<u>486</u>	
Financial liabilities							
Short-term loans from financial institutions	264	-	-	-	-	264	3.85 - 4.20
Trade and other payables	-	-	-	-	330	330	-
Liabilities under financial lease agreement	24	59	-	-	-	83	2.54 - 5.65
Long-term loans	-	-	-	1,209	-	1,209	4.70
	<u>288</u>	<u>59</u>	<u>-</u>	<u>1,209</u>	<u>330</u>	<u>1,886</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	43	-	43	0.04 - 2.00
Trade and other receivables	-	-	-	-	337	337	-
Accounts receivable under installment sales	2	19	38	-	-	59	4.65
	<u>2</u>	<u>19</u>	<u>38</u>	<u>43</u>	<u>337</u>	<u>439</u>	
Financial liabilities							
Short-term loans from financial institutions	394	-	-	-	-	394	4.00 - 4.29
Trade and other payables	-	-	-	-	303	303	-
Liabilities under financial lease agreement	23	31	-	-	-	54	4.05 - 8.77
Long-term loans	-	-	-	851	-	851	3.41 - 3.64, 3.74, 4.02
	<u>417</u>	<u>31</u>	<u>-</u>	<u>851</u>	<u>303</u>	<u>1,602</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2017							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 Years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	14	-	14	0.04 - 0.50
Trade and other receivables	-	-	-	-	382	382	-
Accounts receivable under installment sales	2	25	25	-	-	52	4.65
Loans to related parties	-	-	-	4	-	4	6.25
	<u>2</u>	<u>25</u>	<u>25</u>	<u>18</u>	<u>382</u>	<u>452</u>	
Financial liabilities							
Short-term loans from financial institutions	264	-	-	-	-	264	3.85 - 4.20
Trade and other payables	-	-	-	-	302	302	-
Liabilities under financial lease agreement	24	59	-	-	-	83	2.54 - 5.65
Long-term loans	-	-	-	1,209	-	1,209	4.70
	<u>288</u>	<u>59</u>	<u>-</u>	<u>1,209</u>	<u>302</u>	<u>1,858</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2016							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	13	-	13	0.04 - 0.38
Trade and other receivables	-	-	-	-	350	350	-
Accounts receivable under installment sales	2	19	38	-	-	59	4.65
Loans to related parties	-	-	-	5	-	5	6.25
	<u>2</u>	<u>19</u>	<u>38</u>	<u>18</u>	<u>350</u>	<u>427</u>	
Financial liabilities							
Short-term loans from financial institutions	394	-	-	-	-	394	4.00 - 4.29
Trade and other payables	-	-	-	-	284	284	-
Liabilities under financial lease agreement	23	31	-	-	-	54	4.05 - 8.77
Short-term loans form related parties	-	-	-	9	-	9	6.25
Long-term loans	-	-	-	851	-	851	3.41 - 3.64, 3.74, 4.02
	<u>417</u>	<u>31</u>	<u>-</u>	<u>860</u>	<u>284</u>	<u>1,592</u>	

Foreign currency risk

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

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	5.6	4.2	0.2	3.0	32.6407	35.8307
JPY	-	23.4	-	-	0.2894	0.3080
INR	0.1	-	-	-	0.5032	0.5259

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	5.5	4.2	0.4	3.2	32.6407	35.8307
AUD	2.9	3.1	-	-	25.4364	25.9362
JPY	-	23.4	-	-	0.2894	0.3080
INR	0.1	-	-	-	0.5032	0.5259

30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rated 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 2017, the Group's debt-to-equity ratio was 1.63:1 (2016: 1.60:1) and the Company's was 1.56:1 (2016: 1.54:1).

32. Events after the reporting period

On 1 February 2018, the Company had invested in 100,000 ordinary share of Easternbulk Lime Products Private Limited, at price of INR 200 per share, totaling INR 20 million or approximate Baht 10 million. The Company still had a 50% interest in such company.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2018.