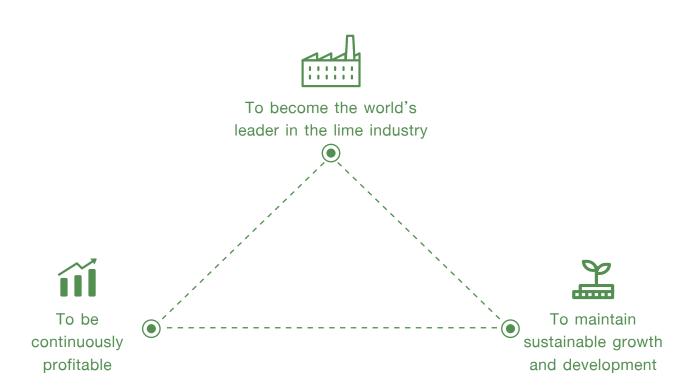


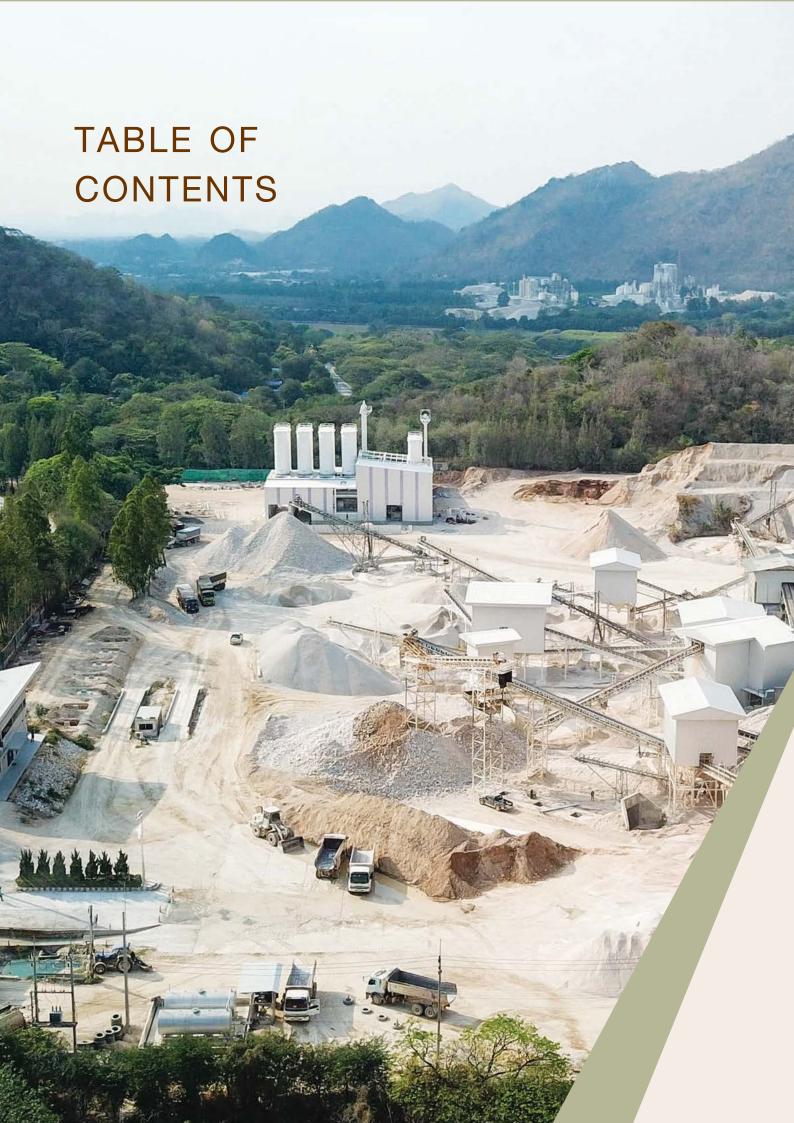
Annual Report

2018











Investors can find further information of Chememan Public Company Limited from the Annual Registration Statement (Form 56-1) which has been disclosed at www.sec.or.th or www.chememan.com



Vision, Mission and Business Goals



Chememan Public Company Limited ("The Company") aims to become one of the world's top 10 leaders in the lime industry by conducting business with good governance that provides long-term sustainability for all concerned parties.



MISSION



Create economic growth for the country by conducting business with good corporate governance.



Use natural resources wisely and efficiently to promote long-term sustainability.



Build and maintain satisfaction and strong relationships with customer by producing and delivering products and services that meet their industry-specific requirements with state-of-the-art technologies and innovation excellence from professional team.



Conduct business with safety and environmental management that adheres to international standards; be involved in improving quality of life; and creating environmental friendliness for community.



Promote development of employees' skill and professionalism.

Business Goals

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

To become the world's leader in the lime industry

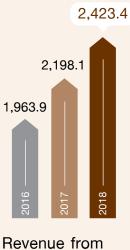
To be continuously profitable

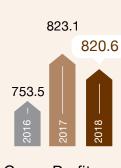
To maintain sustainable growth and development



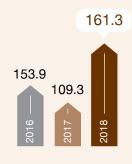
Statement of Comprehensive Income











Sales

Gross Profit

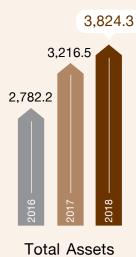
EBITDA

Net Profit

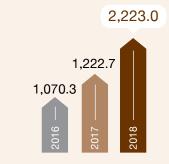
Statement of Financial Position



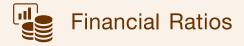
Unit: Million Baht

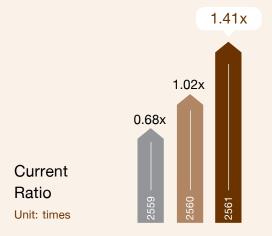


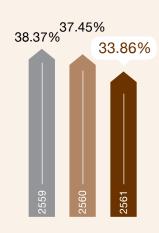




Total Shareholders' Equity

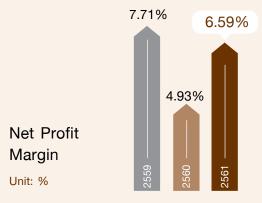


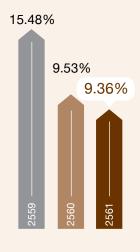




Gross Profit Margin

Unit: %





Return on Equity Unit: %







Interest bearing debt to equity ratio

Unit: times



Message from the Chairman of the Board of Directors



Chememan adheres to conducting business with good corporate governance, being responsible to its stakeholders. focusing on efficient use of natural resources that will benefit society and the environment. Dear Shareholders,

In 2018, Thailand's overall economy grew from the previous year through continued expansion of exports from production sector, growing construction of large projects, especially in the urban area, supported by government and private sectors, which includes an Eastern Economic Corridor (EEC) and major infrastructure projects of various sky trains and rapid transit lines as well as inter-city highways. Nonetheless, certain sectors have begun to saturate due to higher oil prices, rising international trade tension, and domestic and foreign political uncertainties, which all had negative impacts on global and Thailand's economy towards the end of 2018.

Presently, Chememan's sales from overseas account for 60% of its total revenue, while the remaining are from local sales to customers in various industries. From the abovementioned situation, 2018 was a challenging year for Chememan. The Company adapted its business strategies to the changes and present-day situations, and is determined to expand its business while continually considering the risk factors that impact the business. The

listing of the Company on the Stock Exchange of Thailand in March 2018 has strengthened Company's business and financial position through all the changes.

Chememan adheres to conducting business with good corporate governance; being responsible to its stakeholders; focusing on efficient use of natural resources that will benefit society and the environment. The Company develops and organizes various projects to enhance quality of life of people in the surrounding communities, and puts emphasis on the education of children, so that they can grow up to be good citizens of the country in the future.

On behalf of the Board of Directors, I would like to express my sincere appreciation to the Company's stakeholders, management and all employees for their continued trust and support. I assure you that we will perform our duties to the best of our abilities, while considering benefits of all stakeholders as well as upholding corporate governance for the Company's sustainable growth.

> M.L. Chandchutha Chandratat Chairman of the Board of Directors

Chunds!



Message from Chief Executive Officer



Dear Shareholders.

In 2018, Chememan Public Company Limited conducted the business according to its plans as well as successfully passed the first chapter of being a producer and distributor of lime and lime derivative chemical products by being listed on the Stock Exchange of Thailand in March, under the stock symbol of CMAN.

From 2017, to increase the production capacity, Chememan installed two quicklime kilns, KK4 and KK6, which had commercial operation commenced in 2018 and January 2019 respectively. This increased Chememan's lime production to over 980,000 tons per year with the distribution to three targeted continents. Domestic big silos and warehouse are also being constructed to support the increase of production capacity while two joint ventures in India are under the construction and expected to operate partially in 2019. With the domestic and overseas expansions, Chememan would therefore be able to reach its goal of producing over 1 million tons per year of lime in 2020 and becoming one of the world's top ten lime producers in the near future.

Chememan realizes that the world is rapidly changing; therefore, constantly reviews and adjusts its business strategies toward changes which include short, medium, and long-term strategies for the Company's growth.

Besides continuously expanding the business, Chememan puts emphasis on developing people to have suitable skills, knowledge, and expertise in their work, letting people voice their opinions and be ready to adapt in the fast-paced-changing world. With this emphasis, Chememan has started a project called 'Aligning Purpose, People, and Process' in 2018, to allow people to exchange ideas aiming to improve efficiency of their work and enhance collaboration among teams, starting from production departments and will be expanding to others. The project let people brainstorm the possibility of bringing technologies to help them in the production process. Furthermore, Chememan focuses on the whole-person-development approach from recruitment, development, and retention, as well as creates friendly learning environment for its people to be more effective and be important supports for the Company's growth.

As a Chief Executive Officer, I would like to thank the management team and all employees for their contribution and our customers, partners, and shareholders for their trust and support. I reassure that we will be committed in expanding the business to generate good returns and for the Company's sustainable growth.

> Mr. Adisak Lowjun Chief Executive Officer

Board of Directors



Mr. Pornprom Karnchanachari Chairman of Audit Committee and Independent Director

Director

04

Mr. Adisak Lowjun Director, Chief Executive Officer and Acting Chief Commercial Officer

05

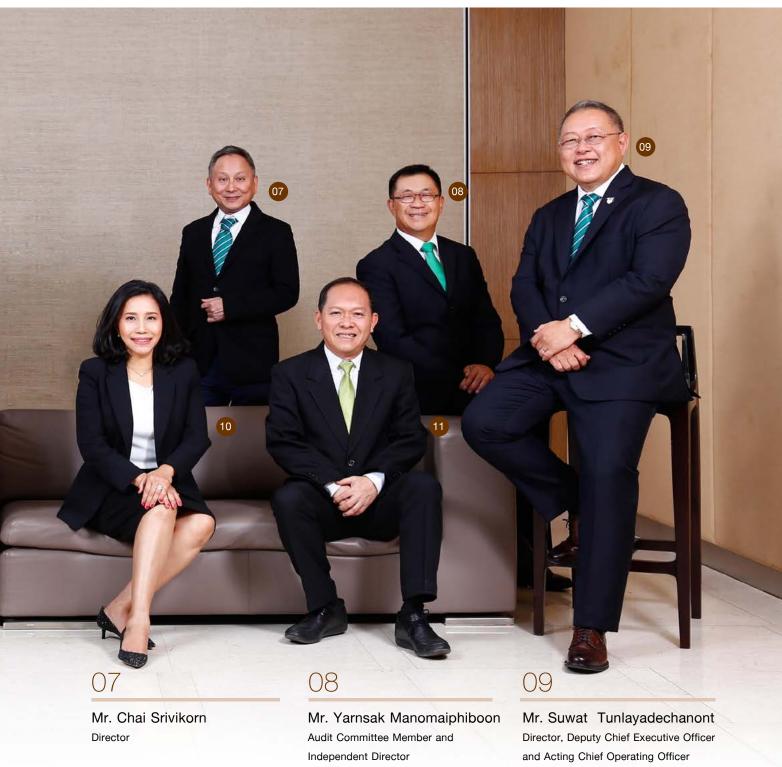
Mr. Suthep Uacherdkul Director

Chairman of the Board and Independent Director

06

Miss Amata Issarangura Na Ayudhaya

Audit Committee Member and Independent Director



Mrs. Rajjaneepen Ungpakorn Director

Mr. Charoen Churekanont Director



Management Team



Mr. Adisak Lowjun Director, Chief Executive Officer and **Acting Chief Commercial Officer**

Mr. Suwat Tunlayadechanont Director, Deputy Chief Executive Officer and Acting Chief Operating Officer

Mr. Wutthichai Tankuranand Chief Financial Officer



Mr. Apichat Laochinda Vice President of Engineering & Project

Mr. Komgrit Panom-Upatam Vice President of Lime Operations

Mr. Krissanapong Tatirungsunsook Vice President of Mining Operations

Mr. Wanus Petchruarn Vice President of Maintenance



Mr. Boonlert Thungkatikajonkit Vice President of Commercial Market 2

Mr. Panom Praiyontip Vice President of Business Development

Mr. Kamol Sowattanaskul Vice President of **Business Development**

Mr. Kosol Pittayaprasertkul Vice President of Supply Chain



Mr. Pathomphob Jainkiatfu Vice President of Technology



Ms. Pornphen Wiwattanadecha Vice President of Finance & Accounting



Major General Nattapond Kongsompong (Retired) Vice President of Corporate

Affairs



Miss Piengkamol Kraidej Vice President of Human Resources



Profile of the Directors and Managenent Team



Name / Position Date of Appointment Age Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

M.L. Chandchutha Chandratat / Chairman of the Board and Independent Director 26 Aug 2016

52

- 1. MBA, University of California at Berkeley, USA
- 2. Bachelor of Science (Magna Cum Laude) in Economics, University of Minnesota, Twin Cities, USA
- 3. Director Certification Program (DCP) 70/2006, Thai Institute of Directors Association 0.58

None

2017 - Present	Chairman and Independent	Chememan PLC
	Director	
2016 - 2017	Chairman of Audit Committee	Chememan PLC
2014 - Present	Managing Director	Boonrawd Brewery Co., Ltd.
2014 - Present	Managing Director	Boonrawd Trading International Co., Ltd.
2014 - Present	President and Director	Singha North America, Inc.
2018 - Present	Director	Singha Europe Co., Ltd.
2017 - Present	Director	Singha International Headquarter Co., Ltd.
2015 - 2017	Managing Director	Singha International Holdings Co., Ltd.
2014 - Present	Managing Director	Akin Land Co., Ltd.
2005 - 2014	President and Chief	Thoresen Thai Agencies PLC
	Executive Officer	
2009—2012	President	Unique Mining Services PLC
2007 - 2012	President	Mermaid Maritime PLC
2009 - 2014	Director	UMS Coal Briquette Co., Ltd.
2009 - 2014	Director	UMS Lighter Co., Ltd.
2009 - 2014	Director	UMS Transport Co., Ltd.



Work Experience

- Period
- Position Held
- Organization / Company

2009 - 2014	Director	UMS Port Services Co., Ltd.
2009 - 2014	Director	Baconco Co., Ltd.
2008 - 2014	Director	Soleado Holdings PTE LTD
2007 - 2014	Director	JSSI Holdings, LLC
2005 - 2014	Director	Thoresen & Co. (Bangkok) Ltd. and 46 Thai Shipping
		Companies
2005 - 2014	Director	Thoresen Shipping and Logistics Limited
2005 - 2014	Director	Chidlom Marine Services & Supplies Limited
2005 - 2014	Director	Fearnleys (Thailand) Limited
2005 - 2014	Director	Gulf Agency Company (Thailand) Limited
2005 - 2014	Director	Thoresen (Indochina) S.A.
2005 - 2014	Director	Thoresen Chartering (HK) Limited
2005 - 2014	Director	Thoresen Shipping Singapore Pte. Ltd.
2005 - 2014	Director	GAC Thorsen Logistics Co., Ltd.



Name / Position

Date of Appointment

Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Adisak Lowjun / Director, Chief Executive Officer and Acting Chief Commercial Officer

3 Mar 2003 (Director Position)

1 Sep 2003 (Management Position)

1. MBA (Finance), University of Texas at Arlington, USA

- 2. Bachelor of Engineering, Chulalongkorn University
- 3. Director Certification Program (DCP) 12/2001, Thai Institute of Directors Association
- 4. Role of the Chairman Program (RCP) 38/2016, Thai Institute of Directors Association

7.56

Mrs. Rajjaneepen Ungpakorn (Spouse)

2017 - Present	Director	Chememan PLC
2003 - Present	Chief Executive Officer	Chememan PLC
	and Acting Chief	
	Commercial Officer	
	Director	Siriman Chemicals India Private Limited
	Director	Easternbulk Lime Products Private Limited
2003 - 2017	Chairman and Chief	Chememan PLC
	Executive Officer	
2016 - Present	Director	Chememan India Private Ltd.
2015 - Present	Director	Chememan Lao Co., Ltd.
2010 - 2018	Director	Chememan International Pte. Ltd.
2010 - Present	Director	Northman Co., Ltd.
2008 - Present	Director	Chememan Australia Pty. Ltd.
2004 - Present	Chairman	Tubkwang Co., Ltd.
2003 - Present	Chairman	Buranachart Co., Ltd.
2003 - Present	Chairman	Buranalux Co., Ltd.





Name / Position

Date of Appointment

Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Suwat Tunlayadechanont / Director, Deputy Chief Executive Officer and Acting Chief Operating Officer

9 Jan 2013 (Director Position)

1 Jul 2005 (Management Position)

58

- 1. Master of Engineering Administration, The George Washington University, USA
- 2. Bachelor of Engineering (Mechanical Engineering), Chulalongkorn University
- 3. Director Certification Program (DCP) 219/2016, Thai Institute of Directors Association

3.31

None

2013 - Present	Director	Chememan PLC
2005 - Present	Deputy Chief Executive	Chememan PLC
	Officer and Acting Chief	
	Operating Officer	
2015 - Present	Director	Chememan Lao Co., Ltd.
2010 - 2018	Director	Chememan International Pte. Ltd.
2008 - Present	Director	Chememan Australia Pty. Ltd.
2004 - Present	Director	Tubkwang Co., Ltd.



Name / Position Date of Appointment Age **Education / Training**

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Chai Srivikorn / Director

3 Sep 2003

57

- 1. MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn
- 2. Bachelor of Engineering (HON), Bradford University, London, England
- 3. Director Certification Program (DCP) 225/2016, Thai Institute of Directors Association 31.33

None

2003 - Present Director Chememan PLC 2010 - 2018 Director Chememan International Pte. Ltd. Director Chememan Australia Pty. Ltd. 2008 - Present 2004 - Present Director Tubkwang Co., Ltd. 1991 - Present Director Gaysorn Private Equity Co., Ltd. Gaysorn Holding Co., Ltd. 1981 - Present Director

5

Name / Position Date of Appointment Age **Education / Training**

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Paradorn Vilaikul / Director

27 Jan 2016

54

- 1. MBA, Thammasat University
- 2. Bachelor of Accountancy (Accounting), Dhurakij Pundit University
- 3. Director Certification Program (DCP) 37/2003, Thai Institute of Directors Association 0.02

None

2016 - Present	Director	Chememan PLC
2018 - Present	Director	CCM Trading Co., Ltd.
2016 - Present	Director	CCM Spirits Co., Ltd.
2016 - Present	Director	CCM Group Co., Ltd.
2003 - 2015	Vice President,	Gaysorn Holding Co., Ltd.

Direct Investment Division



Name / Position Date of Appointment Age **Education / Training**

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Suthep Uacherdkul / Director

3 Sep 2003

57

- 1. MBA, University of Dallas, USA
- 2. Bachelor of Engineering, Chulalongkorn University
- 3. Director Certification Program (DCP) 226/2016, Thai Institute of Directors Association

3.92

None

2003 - Present	Director	Chememan PLC
2003 - Present	Director	Buranachart Co., Ltd.
2013 - Present	Director	Subpana Property Co., Ltd.
2009 - Present	Director and Manager	J T Estate Co., Ltd.
2002 - Present	Director	Thanaphumnakorn Co., Ltd.
2002 - Present	Director and Manager	Mastermax Industry Co., Ltd.
1995 - Present	Managing Director	Rayong Mongkolchai Co., Ltd.

Name / Position Date of Appointment Age **Education / Training**

Mrs. Rajjaneepen Ungpakorn / Director

3 Sep 2003

53

- 1. MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 2. Bachelor of Science in Business Administration and Accountancy, University of the
- 3. Director Certification Program (DCP) 224/2016, Thai Institute of Directors Association
- 4. Director Diploma Examination 2016

Mr. Adisak Lowjun (Spouse)

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

2003 - Present Chememan PLC Director 2008 - Present Director Buranalux Co., Ltd.



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Charoen Churekanont / Director

3 Mar 2003

57

- 1. Bachelor of Engineering (Mining Engineering), Chulalongkorn University
- 2. Director Certification Program (DCP) 223/2016, Thai Institute of Directors Association

4.39

None

2003 - Present	Director	Chememan PLC
2003 - Present	Director	Buranachart Co., Ltd.
2012 - Present	Managing Director	Siriphornjaroen Co., Ltd.
2010 - Present	Managing Director	Pacharapat Development Co., Ltd.
2009 - Present	Managing Director	Pornsirisub Co., Ltd.
2003 - Present	Managing Director	Thanaphumnakorn Co., Ltd.
2002 - Present	Managing Director	Issarapongcharoen Co., Ltd.
2002 - Present	Managing Director	Tiahongha Siripanich Co., Ltd.
1992 - Present	Managing Director	Juriganont Co., Ltd.



Name / Position Date of Appointment **Education / Training**

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Pornprom Karnchanachari / Chairman of Audit Committee and Independent Director 20 Dec 2016

55

- 1. Master of Comparative Law, University of Illinois at Urbana Champaign, USA
- 2. Bachelor of Law, Chulalongkorn University
- 3. Director Accreditation Program (DAP) 141/2017, Thai Institute of Directors Association

None

None

2017 - Present	Chairman of Audit Committee	Chememan PLC
	and Independent Director	
2016 - 2017	Audit Committee and	Chememan PLC
	Independent Director	
1994 - Present	Director	Legal Advisory Council Limited
1994 - 2015	Independent Director	Thonburi Healthcare Group PLC

10

Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Miss Amata Issarangura Na Ayudhaya / Audit Committee Member and Independent Director 20 Dec 2016

51

- 1. MBA (Corporate Finance), Golden Gate University, USA
- 2. Bachelor of Arts (Political Science-Public Finance), Chulalongkorn University
- 3. Director Accreditation Program (DAP) 137/2017, Thai Institute of Directors Association

0.02

None

Chememan PLC 2016 - Present Audit Committee and Independent Director 2010 - 2014 **Group Treasury** Thoresen Thai Agencies PLC



Name / Position Date of Appointment Age Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Yarnsak Manomaiphiboon / Audit Committee Member and Independent Director 29 Mar 2017

55

- 1. MBA (Finance), Indiana University at Bloomington, USA
- 2. Bachelor of Engineering, Chulalongkorn University
- 3. Director Accreditation Program (DAP) 23/2004, Thai Institute of Directors Association
- 4. Director Certification Program (DCP) 60/2005, Thai Institute of Directors Association 0.02

None

2017 - Present	Audit Committee and	Chememan PLC
	Independent Director	
2018 - Present	Director	ASCO Business Promotion Co., Ltd.
	Director	National Digital ID Co., Ltd.
2013 - Present	Chairman of Audit	Principal Capital PLC
	Committee and	
	Independent Director	
2012 - Present	Audit Committee and	Sahaviriya Steel Industries PLC
	Independent Director	
2012 - Present	Secretary General	Association of Thai Securities Companies
2010 - Present	Director and Advisor	Federation of Thai Capital Market
		Organizations
2014 - 2016	Director and Executive	The Krungthep Thanakom Co., Ltd.
	Director	
2014 - 2016	Chairman of the Board	Thai Credit Guarantee Corporation (TCG)
	of Directors	





Name / Position Date of Appointment Age Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Wutthichai Tankuranand / Chief Financial Officer

4 Jan 2017

52

- 1. MBA, University of Michigan (Ann Arbor), USA
- 2. Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
- 3. Director Accreditation Program (DAP) 103/2013, Thai Institute of Directors Association

0.06

None

2017 - Present	Chief Financial Officer	Chememan PLC
2017 - 2018	Director	Chememan International Pte. Ltd.
2018 - Present	Independent Director	Neo Corporate Co., Ltd.
2012 - 2016	Chief Financial Officer	Ratchburi Electricity Generating
		Holding PCL.
2014 - 2017	Director	Ratch O&M Co., Ltd.
	Director	RICI International Investment Co., Ltd.
2012 - 2017	Chairman of Board	Ratchaburi Alliances Co., Ltd.
2012 - 2017	Director	RH International Corporation Limited
2012 - 2017	Director	RH International (Mauritus) Corporation
		Limited
2013 - 2017	Director	RH International (Singapore) Corporation
		Pte. Limited
2013 - 2014	Director	Ban Bueng Power Co., Ltd.
		Eastern IPP Co., Ltd.
		Eastern Power Generation Co., Ltd.
2014	Director	Xe-Pian Xe-Namnoy Power Company
		Limited
2012 - 2013	Director	Ratch Udom Power Co., Ltd.



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between **Executives**

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Apichat Laochinda / Vice President of Engineering & Project

1 Jun 2007

57

- 1. Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- 2. Director Accreditation Program (DAP) 37/2005, Thai Institute of Directors Association

4.36

None

2007 - Present Chememan PLC Vice President of Engineering

& Project

2013 - Present Director Buranachart Co., Ltd.

14

Name / Position Date of Appointment

Age

Education / Training

Shareholding Percentage Family Connection between

Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Komgrit Panom-Upatam / Vice President of Lime Operations

1 Jun 2006

54

1. Bachelor of Engineering (Mechanical Engineering), King Mongkut's University of Technology Thonburi

0.14

None

2006 - Present Vice President of Lime Operations Chememan PLC



Name / Position Date of Appointment

Age

Education / Training Shareholding Percentage

Family Connection between

Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Krissanapong Tatirungsunsook / Vice President of Mining Operations

10 May 2010

1. Bachelor of Engineering (Mining Engineering), Chulalongkorn University

0.25

None

Vice President of Mining 2010 - Present Chememan PLC

Operations

16

Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Wanus Petchruarn / Vice President of Maintenance

1 Aug 2013

51

1. MBA (General Management), Ramkhamhaeng University

2. Bachelor of Industrial Technology (Mechanical Engineering),

South-East Asia University

0.13

None

2013 - Present Vice President of Maintenance Chememan PLC 1997 - 2013 Central Engineering G J Steel PLC

Service Area Manager



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between **Executives**

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Boonlert Thungkatikajonkit / Vice President of Commercial Market 2

4 Jan 2016

58

- 1. MBA, Thammasat University
- 2. Bachelor of Engineering, Chulalongkorn University
- 3. BBA, Ramkhamhaeng University

0.05

None

2016 - present Vice President of Commercial Chememan PLC

Market 2

1991 - 2014 Country Customer Delivery Alcatel-Lucent (Thailand)

> Leader Co., Ltd.

18

Name / Position

Date of Appointment

Age

Education / Training

Shareholding Percentage

Family Connection between

Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Panom Praiyontip / Vice President of Business Development

1 Feb 2014

56

- 1. MBA, Thammasat University
- 2. Bachelor of Engineering, Chulalongkorn University

0.02

None

2014 - Present Vice President of Business Chememan PLC

Development

2015 - Present Managing Director Chememan Lao Co., Ltd. 2007 - 2013 Senior Vice President Italian-Thai Development

PLC



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Kamol Sowattanaskul / Vice President of Business Development

1 Jun 2004

56

- 1. MBA, Thammasat University
- 2. Bachelor of Engineering, Chulalongkorn University
- 3. Director Certification Program (DCP) 15/2002, Thai Institute of Directors Association

0.80

None

2004 - Present Vice President of Business Chememan PLC

Development

2011 - Present Director Chememan Australia Pty. Ltd.

20

Name / Position Date of Appointment

Age

Education / Training

Shareholding Percentage Family Connection between

Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Kosol Pittayaprasertkul / Vice President of Supply Chain

1 Sep 2003

52

- 1. MBA, Chulalongkorn University
- 2. Bachelor of Accounting, Thammasat University

1.06

None

Vice President of Supply Chain Chememan PLC 2003 - Present 2004 - Present Director Tubkwang Co., Ltd.

2012 - Present Director Chememan Australia Pty. Ltd. Chememan India Private Ltd. 2016 - Present Director



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Mr. Pathomphob Jainkiatfu / Vice President of Technology

16 Oct 2003

57

- 1. Master of Engineering (Structural Engineering), Chulalongkorn University
- 2. Bachelor of Engineering (Civil Engineering), Chulalongkorn University

0.74

None

2003 - Present Vice President of Technology Chememan PLC

Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between Executives

Work Experience

- Period
- Position Held
- Organization / Company

Ms. Pornphen Wiwattanadecha / Vice President of Finance & Accounting

1 Aug 2018

50

- 1. MBA, Thammasat University
- 2. Bachelor of Accounting, Thammasat University
- 3. Director Accreditation Program (DAP) 14/2004, Thai Institute of Directors Association

None

None

2018 - present Vice President of Finance & Chememan PLC

Accounting

2018 Financial Expert, Business True Corporation PLC

Intelligence Center

2003 - 2018 Assistant Director-Finance True Corporation PLC



Name / Position Date of Appointment Age

Education / Training

Shareholding Percentage Family Connection between **Executives**

Work Experience

- Period
- Position Held
- Organization / Company

Major General Nattapond Kongsompong (Retired) / Vice President of Corporate Affairs 2 Oct 2017

- 1. MBA (Finance & Marketing), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 2. BBA (Information Systems Management), St. Mary's University

0.02

None

2017 - Present Chememan PLC Vice President of Corporate

Affairs

1989 - 2017 Government Officer Ministry of Defence

Name

Position / Date of Appointment

Age

Education / Training

Shareholding Percentage Family Connection between Executives Work Experience

- Period

- Position Held

- Organization / Company

Miss Piengkamol Kraidej

Vice President of Human Resources / 10 Oct 2003

Company Secretary / 18 Sep 2018

49

- 1. MBA, Southern Illinois University at Carbondale, USA
- 2. Bachelor of Accounting, Thammasat University
- 3. Company Secretary Program (CSP) 69/2016, Thai Institute of Directors Association

1.04

None

Chememan PLC 2003 - Present Vice President of Human

Resources

Chememan PLC 2018 - Present Company Secretary

Lime and limestone

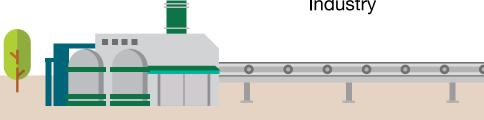
are basic chemical products used as important raw materials in the production process of many industries. Therefore, lime is the upstream industry of various industries

Ferrous and Non-ferrous Metal Mining Industry

Sugar Industry



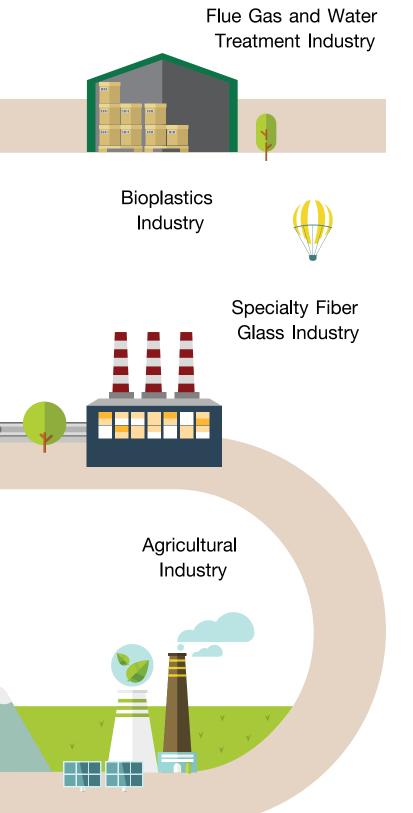
Chemical and Petrochemical Industry



Pulp and Paper Industry

Construction and Construction Materials Industry





In 2018, demand for high quality lime increased, while overall total demand for lime increased slightly. However, the trend of future demand for lime in the domestic market has been growing, in line with the growth of major industries in the country that consume lime, including pulp and paper, sugar, construction and construction materials, as well as iron and steel industries.

Competition in the domestic lime market is among local players. Since lime is heavy and bulky product, transportation cost has therefore been critical factor and considered to be a key barrier for imported products. Presently, major domestic commercial lime producers comprise Chememan Public Company Limited, Suthakan Public Company Limited, Lime Master Company Limited and United Lime Company Limited. In Thailand, the company with the largest market share of Quicklime and Hydrated lime holds about one-third of the total local market.

Foreign competitors are from Vietnam, Malaysia, Indonesia, Australia and Oman. In 2018, there was strong competition in international markets due to customers' demand for lower costs, and higher lime supply from international lime producers or local producers having production base in the same region as customers. Overall trend of lime demand is expected to grow in the long-term, in line with growth of various industries that consume lime in each country.



Company Information



1. General Information

Company Name (Thai): Company Name (English):

Business:

Company Registration Number:

บริษัท เคมีแมน จำกัด (มหาชน) Chememan Public Company Limited

Production and distribution of mineral lime and lime derivative chemical products

0107560000346

Bangkok Office:

195/11-12 Lake Rajada Office Complex 2, 10th-11th 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:

Prabuddhabaht Plant

33/1 Moo 11, Nongkontee-Huaysanjao Road,

Huaypawai Sub-district, Prabuddhabaht District, Saraburi 18120

Phone: 036-200-340-1 Fax: 036-200-342

Branch 2: Tubkwang Quarry

71 Moo 10, Tubkwang Sub-district, Kangkoi District, Saraburi 18260

Branch 3: Kangkoi Plant

111 Moo 10, Tubkwang Sub-district, Kangkoi District, Saraburi 18260

Fax: 036-670-710

Branch 4:

Rayong Plant

7/371 Moo 6, Map Yang Phon Sub-district Pluak Daeng District, Rayong 21140

Phone: 038-913-683-4 Fax: 038-913-685

Registered Capital:

Baht 1,000,000,000 (Baht one billion), consisting of 1,000 million ordinary shares at Baht one

Authorized Capital and Paid-up Capital:

Baht 960,000,000 (Baht nine hundred sixty million), consisting of 960 million ordinary shares at Baht one per share, as of 31 December 2018.

Restrictions on Transfer of Shares:

Ordinary shares of the Company can be transferred with no restrictions unless it results in foreign ownership to exceed 49% 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

Mr. Khitsada Lerdwanna, Certified Public Accountant (Thailand) Registration No. 3459 or Mr. Termphong Opanaphan, Certified Public Accountant (Thailand) Registration No. 4501 or Mrs. Poonnard Paocharoen, Certified Public Accountant (Thailand) 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

Business Overview

Chememan Public Company Limited ("Company") and its subsidiaries (collectively referred to as "Group of Companies") engage in the production and distribution of Quicklime (Calcium Oxide), Hydrated Lime (Calcium Hydroxide), Limestone and ground limestone (Calcium Carbonate). The Company's total lime production capacity is currently over 900,000 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 lime production plants and a concession for industrial mining of limestone (for the cement industry and lime production) in Tubkwang sub-district, Kangkoi district, Saraburi province. The concession is valid for 25 years and will be expired on 23 June 2040. With a mining concession, the Company has its own source of quality limestone for its lime production. The Company has three lime plants: 1. Kangkoi Plant, located in Kangkoi district, Saraburi province, 2. Prabuddhabaht Plant, located in Prabuddhabaht 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 in Thailand and throughout Asia. This is through being able to deliver products and services to fulfill customers' requirements, possessing raw materials with excellent quality, having efficient production and management system, and employing experienced and expert personnel in the lime industry.



Important Changes and Developments

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

Details

2016

- Increased production capacity at Kangkoi Plant to 182,500 tons per year through installation of two kilns (KK3 and KK5), which started commercial operations in the third quarter of 2016.
- Set up Chememan India Private Limited to conduct market research and build customer base in India.
- Entered into a joint venture, namely Siriman Chemicals India Private Limited, by holding a 50% stake in the company to construct a production plant and sell lime products in Visakhapatnam, India.

2017

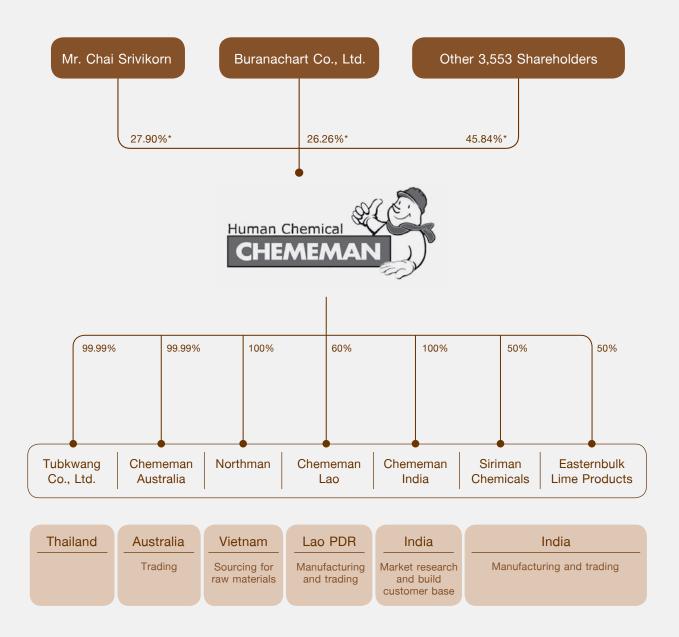
- Increased capital from Baht 650 million to Baht 720 million by raising Baht 70 million from existing shareholders.
- Entered into a joint venture, namely Easternbulk Lime Products Private Limited, by holding a 50% stake in the company to construct a production plant, and sell limestone and lime products in Tuticorin, India.
- Trandsformed to a public company on 10 August 2017.

2018

- Quicklime kiln (KK6) with installed capacity of 109,500¹ tons per year commenced commercial operations in January 2018.
- Received an approval from The Securities and Exchange Commission to issue an Initial Public Offering (IPO) of 240,000,000 shares.
- Issued an IPO of 240,000,000 shares from 14 to 16 March 2018, raising the Company's paid-up capital from Baht 720 million to Baht 960 million, consisting of 960 million ordinary shares at Baht 1 per share.
- Listed on the Stock Exchange of Thailand on 21 March 2018.
- Financial restructuring with a financial institution, in the third quarter of 2018, to replace existing loan and reduce financial costs.

Note: 1 Installed capacity of quicklime kiln (KK6) increased to 113,150 tons per year in 2018.

Shareholding Structure of the Group of Companies as of 31 December 2018



^{*}Data from lastest book closing date as of 21 August 2018

	Company	Country	Paid-up Capital ¹ (Million Baht)	Percentage Holding	Year Estab- lished	Business
1	Tubkwang Co., Ltd.	Thailand	1.88	99.99	2004	Ceased operations Sell limestone and lime Source raw materials, conduct market research, and build customer base in Vietnam, including evaluate quality of
2	Chememan Australia	Australia	95.67	99.99	2008	
3	Northman	Vietnam	3.72	100.00	2010	
4	Chememan Lao	Lao PDR	10.74	60.00	2015 ²	products sourced in Vietnam Produce and sell limestone and lime Conduct market research and build customer base in India
5	Chememan India	India	8.83	99.99	2016	
6 7	Siriman Chemicals Easternbulk Lime Products	India India	30.86 85.72	50.00 50.00	2016 ² 2017 ²	Produce and sell lime Produce and sell limestone and quicklime

Note:

¹ Paid-up capital portion of Company

² Year that Company entered into Joint Venture Agreement



Business Scope

In 2018, the main business strategies of Chememan Public Company Limited were to (1) diversify market portfolio to various industries in order to lower risk of customer concentration; (2) work with customers to develop and deliver products according to customers' requirements which would enable them to increase their productivity, reduce costs and negative impacts on the environment; and (3) expand production bases locally and abroad to increase customer base and gain customer confidence, especially major customers, in the Company's continual production and delivery capability. The Company increased its production capacity of quicklime at Kangkoi Plant by constructing an additional quicklime kiln with production capacity of 113,150 tons per year which the commercial operations started in January 2018. Major customers were from sugar, and pulp and paper industries. The Company also invested in building a warehouse and large silos at Kangkoi Plant to support the increase in production capacity of quicklime.

For international operation, the Company invested in Easternbulk Lime Products Private Limited and Siriman India Private Limited, with expected commencement in 2019 and 2020, respectively. They are to be the production and distribution bases for limestone and lime for customers in India, where lime demand from different industries is increasing every year.

For operating performance, the Company's sales revenue increased by 10.2% in 2018 from 2017. This was due to (1) increase in production capacity at Kangkoi Plant from the installation of KK6 quicklime kiln commencing in early 2018 and (2) increase in exports from 58.8% in 2017 to 60.4% in 2018 from growth in international markets. In 2018, the Company's sales as percentage to total revenues of quicklime, hydrated lime, and limestone and ground limestone were 74.5%, 16.0%, and 8.6%, respectively. Other income comprised sales of by-products, such as crushed rocks and stone dust, which accounted for 0.9% of total revenues.

Breakdown of the Company's revenue by product type is as follows:

	Devenues	2016		2017		2018	
	Revenues	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
1)	Quicklime	1,352.8	67.8	1,605.0	72.5	1,821.7	74.5
	Domestic	592.3	29.7	642.1	29.0	646.9	26.5
	International	760.6	38.1	962.9	43.5	1,174.8	48.0
2)	Hydrated Lime	360.7	18.1	376.6	17.0	390.7	16.0
	Domestic	87.0	4.4	78.9	3.6	113.0	4.6
	International	273.7	13.7	297.7	13.4	277.7	11.4
3)	Limestone and Ground Limestone	250.3	12.6	216.6	9.8	210.9	8.6
	Domestic	162.6	8.2	185.1	8.4	199.1	8.1
	International	87.7	4.4	31.5	1.4	11.8	0.5

Dayanua	2016		2017		2018	
Revenues	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
4) Total sales5) Other Income6) Total Revenue	1,963.9 31.0 1,994.9	98.5 1.6 100.0	2,198.1 17.1 2,215.2	99.2 0.8 100.0	2,423.4 22.1 2,445.5	99.1 0.9 100.0

Product Characteristics

The Company produces and sells Quicklime or Calcium Oxide (CaO), Hydrated Lime or Calcium Hydroxide (Ca(OH),) and Limestone and Ground Limestone or Calcium Carbonate (CaCO₃).



Quicklime

Quicklime or Calcium Oxide (chemical formula CaO), is produced from limestone in a mining process, and made by heating the limestone until it decomposes. The Company's quicklime is of high quality with high calcium oxide content and low impurities. Its physical appearance is solid, white, and comes in different sizes according to customers' requirements from different industries.



Hydrated Lime

Hydrated Lime or Calcium Hydroxide (chemical formula Ca(OH)) 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 Ground Limestone

Limestone or Calcium Carbonate (chemical formula $\mathsf{CaCO}_{\!_{\mathbf{q}}})$ is a product of open-cast mining process at Tubkwang Quarry. The limestone from this quarry contains ultra-high Calcium Limestone which is of high demand in various industries. Each industry requires limestone with high Calcium Carbonate content with different physical sizes.

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

	Products			
Industry	Quick lime	Hydrated Lime	Limestone and Ground Limestone	Application
Ferrous and Non-ferrous Metal Mining industries	✓	✓		Adjust acidity of wastewater and used as a chemical in mineral dressing.
2. Pulp and Paper Industries	✓		•	 Separate chemicals in the recovery process of making of pulp Mineral dressing for paper production Raw material used in production of Precipitated Calcium Carbonate (PCC)
3. Sugar Industry	✓	✓		Remove impurities found in raw sugar and white sugar.
4. Bioplastics Industry		✓		Component in sugar or tapioca process which both are basic ingredients in making bioplastic.
5. Iron and Steel Industries	✓		✓	Remove minerals or impurities during the process of smeltering metals, and production of high-quality steel that uses a furnace.

			Product		
	Industry	Quick lime	Hydrated Lime	Limestone and Ground Limestone	Product Usage
6.	Chemical and Petrochemical Industry	✓	✓	~	Ingredient in basic chemicals process such as soda ash and calcium carbonate.
7.	Agricultural Industry	✓	✓	✓	 Improve soil quality, adjust soil acidity Neutralize acidity of shrimp farms Added to increase calcium in animal feed
8.	Flue Gas and Water Treatment Industries	✓	✓	•	 Expel sulfur dioxide gas that arises from electric power and waste incineration plants Aid in the flocculation of small particles of sediments, and eliminate or lessen hard water to produce clear water
9.	Construction and Construction Materials Industries	✓	✓	•	 Used as raw material in the manufacture of cement, light weight bricks and other construction materials. Used as ingredient to increase the characteristics of plaster Adjust soil condition before construction work.
10.	Glass and Bottle Industry			~	Remove minerals or impurities in the production of glass, bottles and mirror.
11.	Specialty Fiber Glass Industry	•			Is part of production process.

Marketing and Competition

Competition Strategies

Produce Products According to Customers' Requirements

It is the Company's policy to deliver products and services according to customers' requirements using technology from experts with internationally accepted production standards; work with customers to fully understand important characteristics of products that are appropriate for customers in each industry while having a quality control system throughout the production process, from the quality of raw materials, quality inspection during production process, to delivery of products. The Company also provides technical solutions such as advising and designing silos for storing the lime on site of customer's factory which helps reduce customer's cost, increase transportation and supply-chain efficiency.

Efficient Management of Production Cost

The Company gives emphasis on cost management and has advantages in terms of cost and consistent quality of the raw materials. Furthermore, the Company has production capacity and available lands for additional expansions to support growing demand for lime. The expansion will contribute to lower unit cost of production due to more economics of scale.

Create Satisfaction and Positive New Experiences for Customers

It is the Company's policy to build and maintain good long-term relationship with customers and assure them in the Company's capability to keep their satisfaction a priority. This is through close coordination between the Company and customers in planning delivery process and schedule and analizing customers' requirements. The Company also emphasizes on sharing product knowledge for customer's efficient use of the products.

Customer Characteristics and Target Customers

The Company's customers are from diverse industries, mainly from ferrous and non-ferrous metal mining pulp and paper, and sugar industries. The majority of sales revenues are from major customers with long-term contracts, which require stable and reliable security of supply. For domestic markets, the Company focuses on building 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 focuses on exporting products from competitive sources, or setting up a subsidiary or joint venture in that partcular country market to be the center in distributing products in that market. For international markets that already have high quality limestone, the Company invests or has joint ventures with their local player 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 located in that country.

Domestically, the Company delivers its products to customers, where most are responsible for transportation cost. Internationally, product distribution is both directly from Thailand and through its subsidiaries and joint ventures in foreign countries that act as distribution centers, where the Company will have the most appropriate transportation plan in terms of cost and delivery time.

Sales Proportion and Distribution

In 2018, domestic and international sales were 39.6% and 60.4% of the Company's total sales, respectively. Sales proportions by product type were as follows:

(Unit: thousand tons)	2016	2017	2018
Domestic sales of quicklime	226.3	241.9	235.8
International sales of quicklime	160.7	240.3	329.9
Total sales of quicklime	386.9	482.2	565.7
Domestic sales of hydrated lime	28.0	24.6	35.9
International sales of hydrated lime	60.0	65.1	62.8
Total sales of hydrated lime	88.0	89.7	98.7
Domestic sales of limestone and grinded limestone	447.3	482.6	470.5
International sales of limestone and ground limestone	161.3	84.1	20.6
Total sales of limestone and ground limestone	608.6	566.7	491.1

In 2018, the Company's major export markets of quicklime were to Papua New Guinea, Australia, India, Lao PDR and Indonesia. Quicklime exports to such countries accounted for 88% of total quicklime export volumes. While major export markets of hydrated lime were to Lao PDR, the Philippines and Australia, which accounted for 93.7% of total hydrated lime export volumes. From 2016 to 2018, the Company's sales to any single customer was not over 30% of its total revenues per year.

Competition

Domestic Competition and Future Trends

In 2018, demand for high quality lime increased, while overall total demand for lime increased slightly. However, the trend of future demand for lime in the domestic market has been increasing, in line with the growth of major industries in the country that use lime, including pulp and paper, sugar, construction and construction materials, as well as iron and steel industries.

Competition in the domestic lime market is among local players. Since lime is heavy and bulky, making transportation cost an important factor and a barrier for competition from 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 over 900,000 tons per year. The Company's raw material for limestone is from a limestone quarry that contains massive amount of ultra-high calcium limestone¹, while other domestic lime players would source lime from their subsidiaries and other producers with a mining concession. In 2018, the Company had the largest quicklime and hydrated lime market share in Thailand of about 33%.

Foreign Competition and Future Trends

Foreign competitors of the Company include Vietnam, Malaysia, Indonesia, Australia and Oman. In 2018, there was strong competition among the targeted countries due to customers' demand for lower costs, and higher lime supply from international lime producers or local producers having production base in the same region as customers. However, the Company's strategy of developing consistently high quality of products and services, providing customer satisfaction, and confidence for stable security of supply, led to an increase in the Company's international sales in 2018. Long-term trend of lime demand in targeted foreign countries is expected to increase in the construction, steel production, and pulp and paper industries.

Standing and Competitiveness Potential

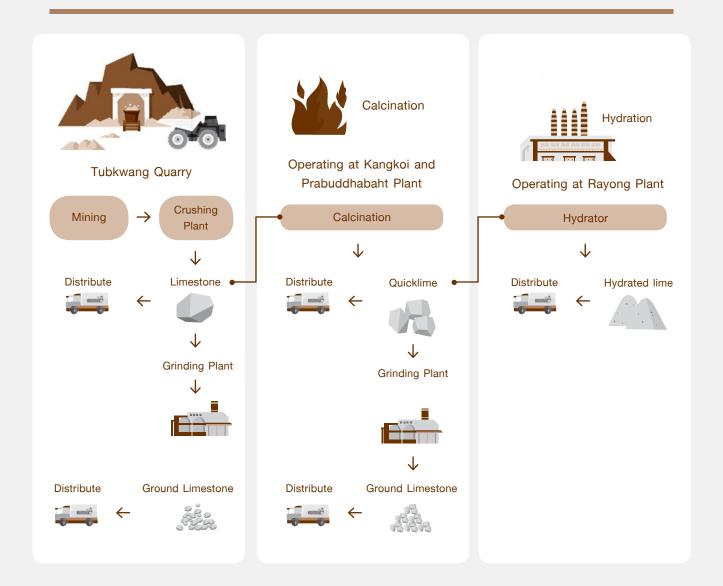
The Company has strong competitive edge by possessing its own limestone quarry and operating lime processing plants. This enables the Company to produce various high quality products according to customers' requirements. The Company benefits from economies of scale due to its large production base. It also builds customer confidence in the Company's capacity to fulfill large orders. The Company also recognizes the importance of service and cooperation with customers to efficiently support their work which results in customer satisfaction and trust in doing business with the Company in the long term.

Note: 1 Ultra-high calcium limestone is limestone with calcium carbonate content higher than 97.5%

Product Sourcing

Lime Production Process

- Limestone is extracted from quarry.
- Limestone is calcinated (heated at high temperatures) to produce Quicklime.
- Quicklime is processed through a hydrator to produce Hydrated Lime.



Mining to The following are the Producing Producing produce limestone three steps in the hydrated lime. quicklime. and ground Lime manufacturing limestone. process:

Mining to Produce Limestone and Ground Limestone

The mining process begins with drilling exploration to determine the quantity and quality of limestone to ensure that the limestone has desired characteristics. Extracted limestone is then transported to the crushing plant to select appropriate sizes needed for the quicklime production process. Limestone whose size is not appropriate for quicklime production will be crushed, screened and sold. A portion of the limestone from the Company's crushing plant is sold to customers, and some portions are grinded to increase its value and sold as ground limestone. Summary of limestone produced at Tubkwang quarry for the period 2016-2018 was as follows:

(Unit: tons)	2016	2017	2018
Limestone produced from Tubkwang Quarry Limestone used for production of ground	1,706,620 1,059,966	1,752,354 1,129,548	2,046,712 1,485,673
limestone and quicklime Limestone sold without passing through processes of ground limestone and quicklime production.	646,654	622,806	561,039

Production 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 secondary size screening process to ensure that the size is proper for calcination process to produce quicklime. 1.8 tons of limestone is used to produce about 1 ton of quicklime. 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 silos for sales. In case that the customer requires different sizes of quicklime, the quicklime will then be crushed and screened to meet required specifications. Quality control and inspection is done throughout the production process from the resultant quicklime is produced from the kiln, stored in the silos and delivered.

The Company produces quicklime from two domestic quicklime processing plants;

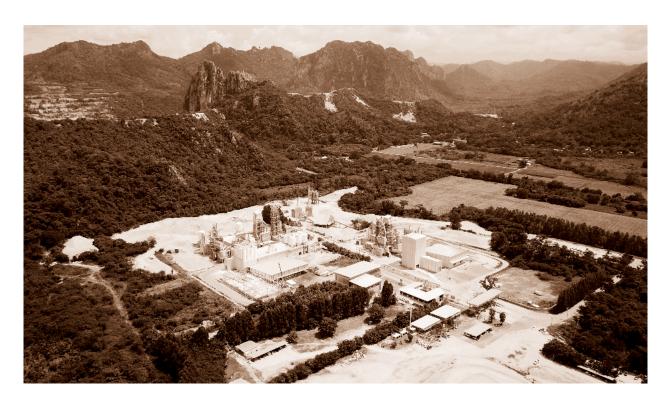


1) Prabuddhabaht Plant

located in Prabuddhabaht district, Saraburi

The Prabuddhabaht Plant consists of two quicklime kilns, PB1 and PB2, that use natural gas as fuel, with total production capacity of approximately 365,000 tons per year. Yearly capacity utilization of Prabuddhabaht Plant was as follows:

		Prabuddhabaht Plant			
		2016	2017	2018	
PB1 Quicklime Kiln					
Production capacity	(tons)	182,500	182,500	182,500	
Actual production	(tons)	131,321	84,599	134,843	
Capacity utilization rate	(percentage)	72	46.3	73.9	
PB2 Quicklime Kiln					
Production capacity	(tons)	182,500	182,500	182,500	
Actual production	(tons)	81,606	135,763	26,322	
Capacity utilization rate	(percentage)	44.7	74.4	14.4	



2) Kangkoi Plant

located in Kangkoi district, Saraburi

Kangkoi Plant consists of five quicklime kilns that use good quality sub-bituminous coal with low sulphur as fuel. Total production capacity is about 459,900 tons per year. Yearly capacity utilization of Kangkoi Plant was as follows:

		Kangkoi Plant		
		2016	2017	2018
KK1 Quicklime Kiln				
Production capacity	(tons)	54,900	54,750	54,750
Actual production	(tons)	53,356	53,275	40,814
Capacity utilization rate	(percentage)	97.2	97.3	74.6
KK2 Quicklime Kiln				
Production capacity	(tons)	109,500	109,500	109,500
Actual production	(tons)	105,970	86,296	104,189
Capacity utilization rate	(percentage)	96.8	78.8	95.2

		Kangkoi Plant		
		2016	2017	2018
KK3 Quicklime Kiln				
Production capacity	(tons)	21,800	73,000	73,000
Actual production	(tons)	11,980	63,828	63,722
Capacity utilization rate	(percentage)	55.0	87.4	87.3
KK5 Quicklime Kiln				
Production capacity	(tons)	42,600	109,500	109,500
Actual production	(tons)	40,772	106,945	111,466
Capacity utilization rate	(percentage)	95.7	97.7	101.8
KK6 Quicklime Kiln				
Production capacity	(tons)	-	-	105,540 ⁴
Actual production	(tons)	-	_	108,104
Capacity utilization rate	(percentage)	-	-	102.4

Note:

Production of Hydrated Lime or Calcium Hydroxide (Ca(OH),)

A portion of quicklime from Kangkoi 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 hydrated lime according to customers' requirements. From this production process, 0.76 ton of quicklime is used to produce about 1 ton of hydrated lime. The resultant hydrated lime will go through quality inspection process, before it is packed and sold to customers.

¹ KK3 Kiln commenced operations on 14 September 2016

² KK5 Kiln commenced operations on 12 August 2016

³ KK6 Kiln commenced operations on 20 January 2018

⁴ Annual production capacity of KK6 Kiln increased from 109,500 tons to 113,150 tons from 11 July 2018



The Company has one hydrated lime plant, Rayong Plant, located in Amata City Industrial Estate, Rayong province. Yearly capacity utilization of Rayong Plant was as follows:

		Rayong Plant			
		2016	2017	2018	
Production capacity	(tons)	87,600	87,600	87,600	
Actual production	(tons)	72,037	81,503	83,298	
Capacity utilization rate	(percentage)	82.2	93.0	95.1	

Raw Material Sourcing

Limestone

Limestone, the base material used for production of all lime products, is from Tubkwang Quarry. There is an estimated 115 million tons of mineable reserves in the quarry according to a geological survey report by GMT Corporation Company Limited, dated in October 2016. It is expected that the mineable reserve is sufficient to support the production of lime for at least 50 years.

Fuel

The company uses natural gas in Prabuddhabaht plant and coal in Kangkoi plant as sources of fuel, as detailed below;

1. The Company has a 10-year contract to buy natural gas from PTT Public Company Limited (PTT), and has recently renewed this contract which will be expired in 2029. Summary of yearly natural gas consumption at Prabuddhabaht Plant is as follows:

		Prabuddhabaht Plant			
		2016	2017	2018	
Natural gas price	(million Baht)	219.41	256.70	220.75	
Natural gas used	(million BTU)	0.96	0.98	0.73	
Natural gas price per unit	(Baht per BTU)	229	262	302	

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 and conditions. However, price of coal in each transportation cycle can fluctuate depending on quality of the coal, such as energy, moisture, and sulfur contents. Summary of yearly coal consumption at Kangkoi Plant is as follows:

		Kangkoi Plant		
		2016	2017	2018
Coal price	(million Baht)	129.79	189.09	233.94
Coal used	(million Tons)	0.03	0.05	0.07
Coal price per unit	(Baht per ton)	3,756	3,677	3,172

Water

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

Assessment of Environmental Impact

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

Risk Factors

The Company has analyzed risk factors that may affect the Company's business. The Company considers the following as key risk factors which could adversely impact on the financial standing and operating performance of the Company. However, there may be other unforeseen risks or risks that the Company sees as insignificant at the present but may unexpectedly have significant effects in the future.

1. Business Related Risk

1.1 Risk from revocation of concession at Tubkwang Quarry

The Company was granted a mining concession No. 27328/16133 for limestone mining (for cement industry and lime) at Tubkwang Quarry, Tubkwang sub-district, Tubkwang district, Saraburi province. The concession period is valid for 25 years, ending on 23 June 2040. The Company must comply with the conditions in the Concession addendum, such as preventive and corrective measures on environment impact control, and contribution of funds relating to mining operation. If the Company does not fulfill the requirements, there is risk that the concession will be revoked, causeing a suspension of mining operation. The company will have to find other suppliers who supply limestone which may come with fluctuating cost and inconsistent quality.

Nonetheless, the Company received newly renewed mining concession on the same plot of mining area. It showed that the Company is capable of and qualified to operate mining business, and has strictly complied with all regulations relating to mining operation under the renewed concession.

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 Tubkwang 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 company's production plan which requires 45 million tons of limestone over the concession period of 25 years. In case that the limestone output reaches 45 million tons before the concession expires, the Company is able to submit a new application of a mining plan to revise the production volume for the remaining concession period. The Company has the right to apply for a new concession on the same mining area before the existing concession expires. While the Company still hold the concession rights, no other entity can apply for concession rights on the same mining area.

Notwithstanding the above, the Company may have a risk of not being able to produce limestone on time or with desired quality due to certain circumstances, such as limestone quality not as required, machine breakdown which interrupts the mining operation, or incorrect estimation of limestone and available mineable reserve quantity at each drilling location. This may result in higher costs and affect the Company's performance. To prevent these risks, the Company has coordinated closely with a mining contractor to develop monthly limestone production plan, and has quality inspection of limestone right at the quarry. The Company also maintains level of limestone inventories to support one month of production in case of operation interruptions at the quarry. In estimating the quantity of limestone and available mining reserve, the Company regularly hires experts to conduct a detailed geological study at the quarry to identify location, type, quantity and quality of limestone. However, the Company has never encountered any problems of unavailability of raw materials since starting its mining operation.

1.3 Supply Risk from reliance on limited suppliers and price fluctuations of coal and natural gas which are main materials in production process

The Company has a yearly coal purchase contract that clearly specifies the agreed price, quantity, conditions for price adjustment, delivery time, and delivery guarantee condition between the Company and its coal suppliers. If the coal is not delivered according to agreed terms and conditions, and the Company has to procure coal from another source at a higher price, the coal supplier will compensate the price difference to the Company. Moreover, the Company has sufficient coal reserves for two to three weeks of production to prevent any interruptions from any delayed delivery of coal. The Company also has procured coal from reliable alternate suppliers, to mitigate the risk of concentration of suppliers.

The Company has secured a 10-year natural gas supply contract with PTT Public Company Limited ("PTT"), from 2009 through 2019, with specified price, quantity, quality of natural gas, and conditions of price adjustment. Recently, the Company has extended this long-term contract that will be expired in 2029. Selling

prices of natural gas specified in the contract is determined based on several factors that could affect price of natural gas, such as energy content of fuel oils, exchange rates, and Thailand's Producer Price Index for manufactured products. Therefore, the Company can predict magnitude of change in natural gas price by considering the above mentioned factors.

The Company has gas pipelines connected from PTT to Prabuddhabaht Plant. In case that PTT could not deliver natural gas to the Company, production at Prabuddhabaht Plant will be interrupted, causing the Company to incur higher cost of production which adversely affects the Company's performance. Despite so, the company has never faced problem of non-delivery from PTT.

1.4 Risk from machinery interruption during production

Machine breakdown during the production process, whether from internal or external reasons, whether foreseeable or not, could cause interruption of production and has negative impact on the financial position and operating performance of the Company.

To mitigate the risk of machine breakdown, the Company has emergency plan and corrective action plan to reduce likelihood of operating machine failure. In the event of machine breakdown, the maintenance department shall take immediate steps in fixing and replacing spare parts or solving issues within a short duration.

By taking preventive action, the Company has effective regular maintenance program and operational manuals for machinery usage as well as regular training session of work process for relevant employees.

The Company also has insurance for important operating assets according to industry standards that covers both all-risk and public liability insurance policies.

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

In case of there are changes in rules and regulations that require amendment of licenses necessary for the Company's operation, or application for new licenses or extension of existing licenses for future business, which is subject to approval from government's authority and could be time consuming, there is probability that the operation could be suspended and adversely affected.

However, since incorporation, the Company has never faced this issue and has strictly adhered to all terms and conditions of every license granted, enabling the Company to continue getting renewal approval of all license necessary for its business without any disruption.

1.6 Risk from increased lime supply

Domestic lime producers may increase their production or new foreign producers may enter into the lime market. Availability of supply may lead the Company to 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 relationship with customers, and high quality limestone sourcing, the Company has gained trust from customers in various industries which has become the Company's competitive edge over its peers.

1.7 Risk from environmental impact and employee safety

The Company's business may have an impact on the environment and surrounding communities and safety of employees. Therefore, the Company recognizes the importance of environmental management by conducting quality inspection of air, noise, industrial waste and others, adhering to the law and proactively controlling the production process in accordance with safety and health as well as environmental standards. The Company has never been prosecuted or paid significant legal fines related to environmental pollution. Furthermore, the

management and personnel of the Company realizes the importance of environmental impact, and always follows environmental rules and regulations.

1.8 Risk from using only one external contractor at mine face at Tubkwang quarry

The Company involves only one external contractor to work at the quarry by agreeing price and minimum volume of limestone to be produced. The contract is valid for two years and could be renewed every two years upon both parties' agreement. The Company is at risk if the hired contractor could not perform according to the contract which may result in interruption of operation at Tubkwang Quarry and affect the operating performance of the Company.

The Company realizes such risk, and has arranged a team of mining engineers and geologists to closely supervise, regulate, and monitor the contractor. The Company also has alternative contractor if the existing one could not perform their work as agreed. Given the fact that the process complexity of mining is low, replacement of contractor could be done effortlessly.

1.9 Risk from delayed project timeline and project cost overrun

The Company is continuously expanding its business both domestically and abroad. An expansion project involves risks from engineering works, construction and systematic testing, as well as risks from air turbulence, natural disasters, accidents. These risks may delay project timeline, production schedule, and could significantly reduce the project's expected return. This may increase the investment costs, triggering loss of revenues. The impact depends on seriousness of problems and how long the problem lasts. Such risks may negatively affect the business, financial standing, operating performance and cash flow of the Company significantly. However, to mitigate this risk, the Company has planning, and closely and continually monitors the

construction progress to ensure that the project is managed effectively and on schedule.

1.10 Risk from effects of changes in policies, regulations and laws of government procedures

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 local and foreign governments may have positive or negative effect on the Company's operation and performance, such as changes in laws and regulations for mining operations, duties imposed in retaliation to market dumping, import taxes, rules and regulations on time limit of applying for or renewal of 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 manner.

1.11 Risk from human resource management that is dependent 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 the quarry; plant engineers who control processes in lime plants; marketing team who creates and maintains good relationship with customers; and management and employees who have necessary skill sets and experienced in their fields. 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 importance to human resource management and development by promoting a culture of working as a team, organizing a variety of personnel training projects to bring out their full potential, and encouraging middle managers to get involved in managerial planning of the Company; emphasizing on employees' job satisfaction; and enhancing employees' knowledge and work experience; to lower the risk of relying on any individual. The Company also promotes employees' sense of ownership in the Company as one of key drivers for the Company in achieving its goals.

2. Financial and Investment Risks

2.1 Foreign Exchange Risk

The Company and its subsidiaries distribute products to foreign countries, such as Australia, Vietnam and India, and receive payment in foreign currencies. For the years ended 31 December 2017 and 2018, revenue denominated in foreign currency to total revenues accounted for 58.8% and 60.4%, respectively. The Company also purchased machineries which prices are denominated in foreign currencies. Therefore, the Company is exposed to risk from fluctuations in foreign exchange which may adversely affect the Company's operating performance.

To reduce such risk, the Company closely monitors exchange rate movements and relevant factors that could affect trend of change of exchange rates; and continually studies the methods of managing the risk, which includes purchasing foreign exchange forward contracts for transactions denominated in foreign currency.

2.2 Interest Rate Risk

The Company has interest rate risks from long-term loans from financial institutions for financing the Company's investment, which is based on Minimum Lending Rate (MLR) quoted for major prime customers. This rate fluctuates with interest rate policies set by the Bank of Thailand. As of 31 December 2018, balance of long-term loans with floating interest rate was Baht 943 million.

The Company closely monitors interest rate trends to manage volatility of interest rates to a level that is acceptable.

2.3 Risk from investing in projects in foreign countries

The Company has operations in foreign countries through its subsidiary in Australia as a center of distribution and through its two joint ventures in India for lime manufacturing and distribution. 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, and changes in that particular country, that could affect the structure and have an adverse impact on the Company's investment.

However, the Company has carefully studied and reviewed the 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 Tubkwang Quarry, Kangkoi Plant, Prabuddhabaht Plant and Rayong Plant consist of the following:

Concession Contract

Document:

Contract Period:

Contract Parties:

Details:

Conditions:

Preventive and Corrective Measures for **Environmental Impact**

Concession No. 27328/16133 (mineral category 5)

24 June 2015-23 June 2040 Ministry of Industry Grantor:

Grantee: Chememan Public Company Limited

Grants the Company mining rights for industrial mining of limestone (for the cement industry and lime production) by open pit mining method at Tubkwang sub-district, Kangkoi district, Saraburi province in an area of 230 rai, 1 ngan, 41 square wah for 25 years from 24 June 2015 onwards.

- 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 the 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 mining and mineral dressing sites 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 at least 50 meters from public area.

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 where after mine closure, the mining site is to undergo the process to restore land to a natural state, decrease sloped areas to a safe area with lower erosion; plant fast growing trees or groundcovers for terrace landscaping. Such activities must be done at least one month before the concession expires or mining operation is discontinued.

License to Purchase, Possess and Use Explosives

Contract Name: License to purchase, possess and use explosives

Details: Permits the Company to purchase, retain and use explosives for its mining process.

Contract Period: 25 April 2018-24 April 2019

Contract Parties: Licensor: Kangkoi District Office

Licensee: Chememan Public Company Limited

Storage Location: Company warehouse at Village No. 10, Tubkwang Sub-district, Saraburi province.

Permit to Transport Explosives

Contract Name: Permit to transport explosives

Contract Period: 25 April 2018-24 April 2019

Contract Parties: Licensor: Kangkoi District Office

> Licensee: Chememan Public Company Limited

Details: Permits the Company to transport explosives for use in its mining process.

Storage Location: Company warehouse at Village No. 10, Tubkwang Sub-district, Saraburi province

Arms Possession Permit

Contract Name: 1) Arms Possession Permit for Ammonium Nitrate (renewed Permit)

2) Arms Possession Permit for Emulsion Explosives (renewed Permit)

3) Arms Possession Permit for Delay Detonators (renewed Permit)

4) Arms Possession Permit for Ammonium Nitrate

5) Arms Possession Permit for Emulsion Explosives

6) Arms Possession Permit for Detonating Cords

7) Arms Possession Permit for Delay Detonators

Details: Permits the Company to possess the above for use in its mining process.

Contract Period: 4 July 2018-4 June 2019 (renewed Permit)

15 May 2018-14 May 2019

Contract Parties: Ministry of Defense Licensor:

Licensee: Chememan Public Company Limited

Storage Location: Company warehouse at Village No. 10, Tubkwang Sub-district, Saraburi province

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 use in its mining process as

granted under the Concession.

Contract for Limestone Drilling, Blasting, Selecting, Breaking and Loading

Document Name:

Contract Period:

Contract Parties:

Details:

Production Quantity and Compensation or Fines

Contract for Limestone Drilling, Blasting, Selecting, Breaking and Loading.

1 December 2016-31 December 2020, where the contract partners may agree to extend the contract period every two years through a written Agreement not less than 60 days before the Contract expires.

Contractor: Boontanapat Co., Ltd.

Employer: Chememan Public Company Limited

Hire Contractor to drill and blast limestone at Tubkwang Quarry, and select the blasted limestone according to size, breaking and loading.

- 1. The Company agrees to let Contractor produce a minimum of 1.2 million tons of lime per year (January - December), for use in the crushing plant. If the total production of lime, combined with the waste or stored rock brought from the mine face, is less than 1.2 million tons per year, due to the Company being unprepared, the Company will have to compensate the Contractor Baht 10 per metric ton, for the missing quantity as stated in the Contract. This fine is calculated once a year (January - December).
- 2. In the case that the Contractor produces less than the Company's monthly requirement due to the Contractor not being ready, the Contractor will pay fines for the damage at of Baht 10 per metric ton. This fine is calculated once a year (January-December), where the monthly requirement of the Company must not be higher than 300,000 tons. If it is higher, then 300,000 tons is to be used for the fine calculation. If the monthly production plan is lower, then actual production plan for such month is to be used.
- 3. For all work shifts, if the Contractor cannot load or produce limestone on time for the crusher capacity of 900 tons per hour, the Contractor must pay a fine to the Employer of 10 Baht per metric ton of lost production 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 the Employer, a fine of Baht 10 per metric ton for the unloaded or required production quantity; or pay the difference between the actual cost and the payment according to the Contract, whichever is higher. Details of other compensation or fines are in accordance with the Contract.

Mineral Processing License - Tubkwang 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 - Kangkoi Plant

License Name: Mineral Processing License

Contract Period: In the process of License renewal (applied on 21 September 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

License Name: Business Operations Permit in Industrial Estate

Contract Period: 9 November 2015—31 December 2020

Contract Parties: Grantor: Industrial Estate Authority of Thailand (IEAT)

> Chememan Public Company Limited Grantee:

Details: Permits the Company to engage in hydrated lime production business.

License for Natural Gas Service Station - Prabuddhabaht Plant

License Name: Permit License for Natural Gas Service Station

Contract Period: 30 November 2018-31 December 2019

Contract Parties: Department of Energy Business Licensor:

> Chememan Public Company Limited Licensee:

Details: Allows the Company to engage in restricted works, category 3, in accordance with Section

17(3) ot the Fuel Control Act B.E. 2542

License for Natural Gas Supply Contract - Prabuddhabaht Plant

Contract: Natural Gas Supply Contract

Contract Period: 12 March 2009 - 12 March 2019

12 March 2019 - 31 March 2029 (Renewed Contract)

Contract Parties: Supplier: PTT Public Company Limited

> Chememan Public Company Buyer:

Details: Supplier agrees to sell natural gas to Buyer, and Buyer agrees to buy natural gas from

Seller for use in lime production process at Prabuddhabaht Plant, where 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, in accordance with the Investment Promotion Act B.E. 2520 (including amendments) from the Board of Investments (BOI) 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 BOI 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) (above) to receive work permits for specific positions approved by the BOI for the period of permitted stay in the Kingdom.
- 3) Exemption of import duties on imported machinery approved by the BOI.
- 4) Exemption of corporate income tax for net profit from promoted operations 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 exemption of corporate income tax shall be exempted from computation of taxable income throughout the period the promoted business receives exemption of corporate income tax.

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

Plant / Product	Issue Date of Promotional Certificate	Date of First Earning of Operating Income	Period for Income Tax Exemption for Full Amount ¹	Period for Income Tax Exemption- 50% ²	Conditions / Privilege for Specific Project
Kangkoi Plant (KK3 and KK5 kilns) / Quicklime	10 April 2015	2 September 2016	6 years ³	5 years³	 Production capacity of approximately 182,500 tons per year
Kangkoi Plant (KK4 kiln) / Quicklime (Future)	19 August 2016	No income yet	3 years	None	 Production capacity of approximately 73,000 tons per year
Kangkoi Plant (KK6 kiln) / Quicklime	19 August 2016	20 January 2018	3 years	None	 Production capacity of approximately 109,500 tons per year and adjusted to 113,150 tons per year from 11 July 2018
Kangkoi 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	 Production capacity of approximately 87,600 tons per year Allowed to deduct double the costs of transportation, electricity and water for 10 years¹ Allowed to deduct an additional 25% of investments in construction as costs, to the normal depreciation. Exempt from import duty tax for imported raw materials used in the production 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.				Exempt from import tax of goods imported for export, for	
³ Received additional promotional privileges according to extra investments incentives (Board of Investment					a period of 5 years from date

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:

1. EXIM Company Limited ("EXIM")

EXIM was established in 2005 as a company in transportation business. It transports goods in Laos and in foreign countries, via land, water and air.

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:

1. Sanvira Industries Limited

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.

2. Sanvira Chemicals Private Limited

Sanvira Chemicals Private Limited was established in 2011 in India to produce and sell basic chemical products.

Whereby Parties 1. and 2. are collectively referred to as Sanvira Group ("Sanvira Group").

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:

1. Easternbulk Trading and Shipping Private Limited

("Easternbulk Trading and Shipping")

Easternbulk Trading and Shipping was established in 2007 to engage in the mineral trading business, and fully integrated water transportation business at ports in the eastern part of India.

2. Chememan Public Company Limited

3. Easternbulk Lime Products

Details

Easternbulk Trading and Shipping sold 50% of its paid-up capital 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.

Shareholding:

Easternbulk Trading and Shipping 50.00% Chememan Public Company Limited 50.00%

Dividend Policy B

Dividend Policy of the Company

The Company has a dividend 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 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 will not be paid if the Company has a deficit in 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 in 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 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 will not be paid if the subsidiary has a 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 Board of Directors' meeting of the Company.

Top 10 shareholders of the Company as of 21 August 2018 (latest share register book closing date for the rights to receive interim dividend) were as follows:

Ob and ballions	As of 21 August 2018		
Shareholders	Number of Shares	Percentage Holding	
1. Mr. Chai Srivikorn	267,805,900	27.90	
2. Buranachart Company Limited ¹	252,116,700	26.26	
3. B-Senior Citizen Mixed Fund	22,914,500	2.39	
4. B-Senior Citizen Extra Mixed Fund	16,832,400	1.75	
5. Bualuang Small-Mid Cap RMF	16,137,800	1.68	
6. Mrs. Songsri Sengsakul	11,607,110	1.21	
7. South East Asia UK (Type C) Nominees Limited	10,915,000	1.14	
8. Mr. Apichat Laochinda	9,125,000	0.95	
9. Mr. Chartiwudh Tanchanpong	8,961,210	0.93	
10. Miss Korakot Srivikorn	8,940,800	0.93	
11. Others	334,643,580	34.86	
Total	960,000,000	100.00	

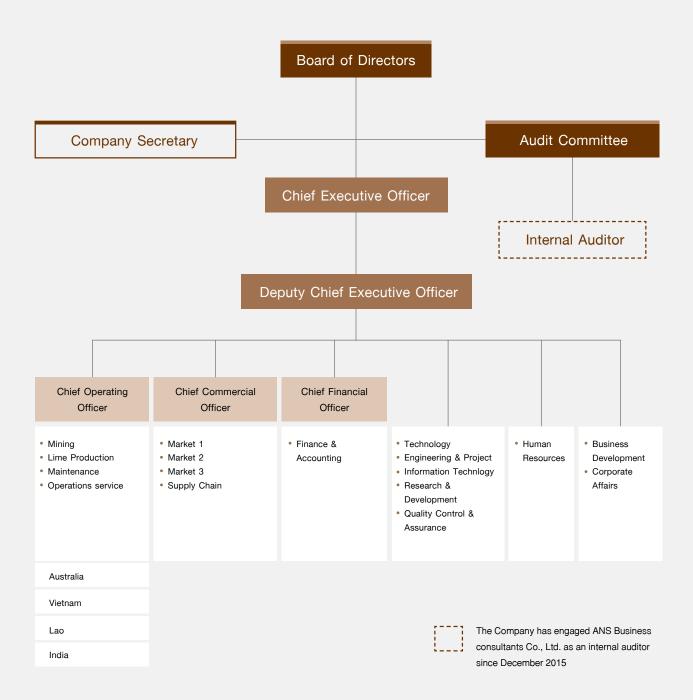
Note: 1 Buranachart Company Limited was registered as a company on 5 March 2003. Its main business is to act as holding company with no investments in the financial business.

Top 10 shareholders of Buranachart Company Limited as of 31 December 2018 were as follows:

Shareholders	Number of Shares	Percentage 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 Pimlikitsak	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 10 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 2018, the Company's management structure comprised of a Board of Directors and an Audit Committee. The Board of Directors did not appoint Nomination and Remuneration Committees. However, the Board of Directors set up guidelines to determine the directors' remuneration in comparison to other companies with similar size (revenue and net profit) and industries. This is to reward work performed and motivate qualified persons with knowledge, abilities, skills, and experience and for the best interest for the Company.

Board of Directors

As of 31 December 2018, there were 11 directors as follows:

Director		Position
M.L. Chandchutha	Chandratat	Chairman of the Board / Independent Director
Mr. Adisak	Lowjun	Director
Mr. Charoen	Churekanont	Director
Mr. Suthep	Uacherdkul	Director
Mrs. Rajjaneepen	Ungpakorn	Director
Mr. Chai	Srivikorn	Director
Mr. Paradorn	Vilaikul	Director
Mr. Suwat	Tunlayadechanont	Director
Mr. Pornprom	Karnchanachari	Independent Director / Chairman of Audit Committee
Miss Amata	Issarangura Na Ayudhaya	Independent Director / Member of Audit Committee
Mr. Yarnsak	Manomaiphiboon	Independent Director / Member of Audit Committee

Miss Piengkamol Kraidej was the company secretary.

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

As of 31 December, 2018 there were three members in the Audit Committee as follows:

Director		Position	
Mr. Pornprom Mr. Yarnsak	Karnchanachari Manomaiphiboon	Chairman of Audit Committee Member of Audit Committee	
Miss Amata	Issarangura Na Ayudhaya	Member of Audit Committee	

Management Team

As of 31 December 2018, there were 15 persons on the management team as follows:

	Management		Position
1.	Mr. Adisak	Lowjun	Chief Executive Officer and Acting Chief Commercial Officer
2.	Mr. Suwat	Tunlayadechanont	Deputy Chief Executive Officer and
			Acting Chief Operating 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	Jainkiatfu	Vice President of Technology
8.	Mr. Boonlert	Thungkatikajonkit	Vice President of Commercial Market 2
9.	Mr. Kosol	Pittayaprasertkul	Vice President of Supply Chain
10.	Ms. Pornphen	Wiwattanadecha	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 and
			Acting Vice President of Commercial Market 1
14.	Mr. Kamol	Sowattanaskul	Vice President of Business Development
15.	Major General Natta	apond Kongsompong	Vice President of Corporate Affairs
	(retired)		

Management refers to manager (CEO) and those in management positions that are the first four levels from the manager and anyone in equivalent positions 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

In 2018, meeting attendance of directors was as follows:

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

Company Secretary

The board of directors' meeting no. 6/2018 held on 18 September 2018 appointed Miss Piengkamol Kraidej as the Company Secretary effective on 18 September 2018.

Directors and Management Remuneration

Board of Directors Remuneration

The 2018 General Meeting of Shareholders held on 8 March 2018 set the 2018 remuneration for directors, comprising of monthly compensation and meeting attendance fees, according to the rules approved by the Extraordinary General Meeting of Shareholders No. 2/2017 held on 8 August 2017, and remains effective, as follows:

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

In 2018, the Company paid a total of Baht 3,399,000 for directors' and audit committee remuneration, comprising monthly compensation and meeting attendance fees as follows:

	Di	rectors	Director Remuneration (Baht)	Audit Committee Remuneration (Baht)
1.	M.L. Chandchutha	Chandratat	342,000	-
2.	Mr. Adisak	Lowjun	300,000	-
3.	Mr. Charoen	Churekanont	285,000	-
4.	Mr. Suthep	Uacherdkul	285,000	-
5.	Mrs. Rajjaneepen	Ungpakorn	270,000	-
6.	Mr. Chai	Srivikorn	255,000	-
7.	Mr. Paradorn	Vilaikul	270,000	-
8.	Mr. Suwat	Tunlayadechanont	300,000	-
9.	Mr. Pornprom	Karnchanachari	300,000	72,000
10.	Miss. Amata		300,000	60,000
11.	11. Mr. Yarnsak Manomaiphiboon		300,000	60,000
	Total Monthly and Meeting Attendance Fees		3,207,000	192,000

Other Remuneration to Directors

-None-

Management Remuneration

In 2018, remuneration for 17 management personnel (including two that resigned during the year) comprising of salary, bonus, and position allowances was Baht 80.53 million.

Other Remuneration to Management

In 2018, other remuneration of management comprising contribution to social security and provident funds was Baht 3.16 million.

Number of Employees

As of 31 December 2018, the Company employed 542 people (excluding management) as follows:

354
73
32
55
17
11
542

Employee Remuneration

Employee remuneration (excluding management) in 2018 comprising of salary, bonus, living allowance, position allowance, shift payments, overtime wages, contribution to social security and provident funds was Baht 234.78 million.

Labor Disputes

-None-

Personnel Development Policy

It is the Company's policy to support continual training and development for employees, starting with orientation for new hires to acquaint them with the Company's background, business policies, business ethics, safety and health issues. While working, employees receive coaching and on the job training from team leaders, and attend training and seminars for gaining additional knowledge necessary for work performance.

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

Corporate Governance

Policy of Good Corporate Governance

The Company realizes the importance of overseeing that the Company's business conduct is in line 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, with considerations to 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 guidelines for its employees to follow:

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, where the Board of Directors have major responsibilities in setting objectives, and main goals 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 management are responsible, careful and honest in performing their duties; and that Company operates in accordance with applicable laws, 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 reach the objective within set timeframe.

Principle 3: Strengthen Board Effectiveness

The Board is comprised of knowledgeable and experienced executives with good interpersonal skills and capability to perform directors' duties for the best interest of the Company. The directors have a significant role in setting the Company's policies. According to the Company's Articles of Association, there are to 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 Personnel 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 and succession plans.

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

For continual 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 engaged.

If there are changes in the directors or new directors, the management will arrange useful documents and information for the directors to perform their duties, including the business overview and operations 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 work rotation.

Principle 5: Nurture Innovation and Responsible **Business**

The Board gives importance to 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 an Audit Committee to support the Board's role in overseeing that the Company has effective internal controls, and to provide honest 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 is added value to the Company. The Audit Committee must consist of at least three independent directors, with qualifications as required by the Capital Market Supervisory Board and the Stock Exchange of Thailand, with at least one director knowledgeable or experienced in accounting or finance, and changes in financial standing. Details of structure, characteristics, term of office, roles and responsibilities of the Audit Committee are stated in the Audit Committee Charter.

The Board of Directors set the following risk 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 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 where the shareholders can access on the Company's website 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. emphasis

- 3. The Company gives importance to 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 the 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 information of each director, roles and responsibilities of the Board of Directors and sub-committee, number of meetings and attendance in the previous year, opinion on their duty performed, professional training activities, remuneration policies, and details of remuneration to directors and key executives of the Company in the Company's annual report and the Company's annual registration statements.
- 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 the Company's 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 additional information 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 of the voting results.
- 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 a minutes of meeting with material matters that are accurate and complete, and include important questions, comments and suggestions, that can be reviewed by shareholders.

Structure of Company Directors

Management structure of the Company comprises of a Board of Directors and an Audit Committee, where 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 duties in compliance with the law, objectives, the articles of association of the Company and the resolutions of the shareholders' meeting with honesty, integrity, and in good faith for the best interest of the Company.
- 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 business 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 assess future trend of the remaining year.
- 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, an adequate and suitable risk management and internal control systems are in place.
- 9. Approve the acquisition or disposal of assets, investments in new projects and any business matter be in compliance with the law, announcements, and related 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 to avoid and conflict of interest between a stakeholder and the Company.
- 12. Oversee the Company with business ethics, and review the Company's corporate governance policy.
- 13. Prepare the 'Report on the Board of Directors Responsibilities on the Financial Report', that is presented together with the Auditor's Report in the Company's annual 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 any person 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 a conflict 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 laws, and related 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 approve 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 have a conflict of interest to ensure the transactions are in compliance with the securities and exchange law and regulations of the Stock Exchange of Thailand. This is to ensure that the transactions are 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 explanations and opinions 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 on accuracy, completeness and reliability of

financial statements of the Company.

- (2) Opinion on the adequacy of the Company's internal control system.
- (3) Opinion 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 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 of 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, operate and perform 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 employee 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 any 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 transactions which the Board of Directors has approved in principle.

Authorization Regulations on Authorization for Entering into Business Transactions

The Company gives Board of Directors the 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 responsibilities as defined under the Securities and Exchange Act. The Board of Directors set the roles and responsibilities of the Company Secretary as follows:

- 1. preparing and maintaining 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. maintaining a report on conflicts of interest filed by a director or executive managing and storing of
- 3. performing other acts as stipulated by the Capital Market Supervisory Board.

The Company Secretary will perform the duties responsibly, carefully and in good faith, as well as in compliance with 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 Executives Officers

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 and/ or what 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 ammendments), 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. Not 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, affliated company, major shareholder, or controlling parties 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, spouse 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 par-

ty; 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, and is a significant competition to the Company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, consultant; or holding more than 1% of voting shares of any other companies operating under similar business nature that implicitly competes with the Company or its subsidiary.
- 9. Not under any conditions that may impede the person from having independent views on the Company's operation.

Recruitment of Senior Management

The Company has a policy to recruit senior management for the Company using a suitable and transparent process to ensure that professional and knowledgeable persons are recruited. The Board of Directors will recruit persons with knowledge and competency suitable for duties and responsibilities required, and propose the appointment of senior management to a of the Board of Directors' meeting 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 using the following guidelines:

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

If the representative receives any compensation as a director of the subsidiary or affiliate, it 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, with honesty, carefulness, ethical, and in accordance with 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. Regularly arrange for reviews and improvement of important plans related to business operations be up-todate and appropriate to the business conditions.
- 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 advise for establishing an internal control system, risk management system, and operations 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 response le to oversee that the subsidiary strictly follows the rules on conducting connected transactions and acquisition or disposal of assets that were prescribed by regulatory
- 2.7. Oversee there is adequate and appropriate disclosure of information.

Oversight on Insider Trading

The Company gives emphasis on protection of insider trading. The directors, management and employees are prohibited from disclosing confidential and/or information of the Company which has not been disclosed to the general public or making use of such information for their benefit or the benefit 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 2018, the Company paid to EY Office Limited, its auditor, remuneration of Baht 2,300,000 comprising audit fee of Baht 2,120,000 and non-audit fee of Baht 180,000 for review of report for submission to the Board of Investment.

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

Adapting the Corporate Governance Code for Listed Companies 2017

The Company is determined to consistently conduct business under good corporate governance. In 2018, the Board of Directors adopted Corporate Governance Code (CG Code) of Listed Companies 2017, issued by The Office of the Securities and Exchange Commission, as guideline for the Company's personnel in performing their duties. The Board of Directors reviews the Company's policy on good corporate governance every year to ensure that it is in line with the CG Code, and uses it as governance guidelines for Company's long-term sustainable growth.



Corporate Social Responsibility

Overall Policy

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

1. Fair Business Conduct

The Company aims to conduct business with honestly, fairness and 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 employees to 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 reporting line in each work function. 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 for human rights, equal rights and freedom; not infringing on basic rights of anyone; and not discriminating against any 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; and arranging a channel for anyone who was violated in terms of human rights from the operations of the Company, and offer reasonable remedies.

4. Fair Treatment of Labor

The Company realizes the importance of human resource development and fair treatment to labor which is a factor that will increase business value, and increase its 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 for training and conferences in various fields that are related to increasing knowledge and potential of employees, including instilling good attitudes, morality, ethics, and teamwork.
- 4) Provide 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 dealth benefit.
- 5) Provide yearly physical checkups for all employees, with considering risk factors according to age, gender and work environment.
- 6) Provide a safe environment and have proper hygiene in the workplace by setting measures to prevent accidents, promoting safety consciousness, providing training and promoting employees' good health and providing a healthy and safe working environment.
- 7) Give employees opportunities to express opinions or make complaints of unjust practices or incorrect acts in the Company, and protecting the person who submitted the complaint.

5. Customer Accountability

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 works 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 importance to 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 surrounding communities of the work sites.

7. Community and Social Development

The Company recognizes its responsibilities towards communities and the society, and renders helping them through many channels, such as supporting education for youth by donating school supplies, awarding scholarships; donating funds to public organizations for the public interest, such as donations to police stations for use in improving equipment that improves public service; donations to hospitals for use in improving medical equipment; and participating in religious activities.



Fair Business Conduct



Anti-Corruption



Respect for Human Rights



Fair Treatment of Labor





Environment Preservation



Community and Social Development



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. The Company recognizes its social responsibilities from the production stage, work process to improvement at plants 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 agencies that supervise the Company's business, such as the Ministry of Industry, Ministry of Labour, and Ministry of Education.

Projects that Benefit Society and the Environment (After Process)

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







The Company recognizes the importance of education of youth in the communities, therefore, it supports educational activities to improve education in local communities to be comparable to that in larger cities. The Company concurrently supports education in three aspects: educational facilities, educational personnel and student development through the following projects:

Educational facilities improvement: The Company donated funds to Wat Pato Sak School, continually supports the Sufficient Agricultural Project, and supplied crushed rocks for landscape improvements for various schools in Tubkwang district.





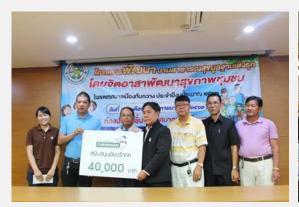
The Company provided funds to employ foreign teachers to improve English skills of students at a local school, Nikhom Tubkwang Songkroh School.







The Company regularly awards scholarships to students and supports various school activities, such as donating funds to the school band from Baan Pa Pai School, and sponsoring preparation handbook for the entrance exam to Triem Udom Sueksa High School.







The Company realizes the importance of the health and wellbeing of people in the communities. Therefore, it provides financial assistance and directly and indirectly supports programs to promote the health of people in the communities, together with improving way of life through various activities such as financing research of the elderly in Tubkwang city district, sponsoring a new year party to boost the morale of officers at the Ruam Kattanyoo Foundation; and funding the meeting for the village health volunteers.





The Company also cooperates with various organizations to help the underprivileged and those affected by natural disasters, such as joining Saraburi's Red Cross in donating food, building houses for people in need together with the District Office of Prabuddhabaht, Saraburi province, and providing financial assistance to renovate the Tubkwang Kindergarden school's canteen.







The Company supports sports activities by sponsoring sports clothing and sports equipment to schools in local communities, such as Wat Sri Jomthong School in Prabuddhabaht district and Nikhom Tubkwang Songkroa-2 School at Kangkoi district. This gives youth in the communities the opportunity to engage in sport activities that promotes good health. The Company also sponsors sporting events on various occations, such as the 4th Prabuddhabaht Hero Run Super Half Marathon to raise funds to for the installation of electricity and necessary furnishings at the Orthopedics Rehabilitation Center, Prabuddhabaht Hospital; and supports the bicycling activity at the Army District 18 of Adisorn Camp in Saraburi province.











It is the Company's policy to carry on religious, cultural and local customs of the communities by supporting religious activities such as the group ordination of monks at Wat Nong Pakboong, and other Buddist ceremonies, such as the Annual Pit Tong (placing of gold leaf) at Wat Pa Pai, Yok Chor Fa (the mounting of highest part of temple) at Wat Baan Pong, Kathin Samakee (offerings to monks after lent) at Wat Tham Praboddhisat and donating funds for equipment and appliances at the Christian Baan Romyen Ingdoi.

For cultural and local customs activities, the Company has policies to regularly support various activities, such as the 2018 Songkran festival (Thai new year) where the Company donated funds to the municipalites of Tubkwang and Huay Pa Hwai temples, Tubkwang village health volunteers and communities in villages surrounding the operations at Tubkwang sub-district of Kangkoi district and Huay Pa Hwai sub-district of Prabuddhabaht district.









Promote Local Work in Communities

Most people in the communities are wage earners; therefore, the Company has a policy to promote additional work in the communities to increase household income and have enough to cover expenses and have savings. The Company helped set up projects and provided financial support in activities that supported skills or ways to increase personal income, such as providing financial assistance to Thai Yangyuen Project (Thai Sustainability) of the government, field study for the community committee, and OTOP (One Tumbon One Product) project of Village No. 10 of Tubkwang sub-district, Kangkoi district, Saraburi province.









Environment and Infrastructure in Communities The Company supports environmental conservation for the communities through many projects that promote cooperation between management, employees, and people in the area such as planting trees on important occasions, participating in community meeting regarding improving scenery in Huay Pa Hwai sub-district.

The Company supports the infrastructure within the communities by providing dust collecting vehicles to clean the public roads, and regularly supplies crush rocks to repair road shoulders and areas of common infrastructures.









In 2018, the Company started a project, "Let's Do Good, 15-years of Chememan", to celebrate the 15-year operation anniversary of the Company with an objective to promote a volunteer culture in the organization. It also promotes participation in social responsibility of employees at all levels.

The Company had carried out four activities under the "Let's Do Good, 15-Years of Chememan" project:

- 1. Provided meal for the disadvantaged.
- 2. Planted trees.
- 3. Improved landscape of Prabuddhabaht Plant.
- 4. Handed out food activity at annual Kathin of Wat Tham Bodhisattva.

The Company also has a policy to expand volunteer activities to other groups in the future to foster a volunteering network, and further promote participation in volunteer work of persons in the communities.



Anti-Corruption **Policy**

The Company is determined to conduct business honestly, transparently, and fairly, under good governance, and be accountable to society. The Company keeps this 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 careful when dealing with receiving and giving gifts, entertaining, or any other benefits. Ensure that such acts are for business purposes, have proper value, and not influence any business decisions.
- 3) Put in place internal control systems and perform risk assessment that is effective and appropriate on a regular basis to prevent corruption. 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 operations consistent with the laws relating to anti-corruption in all countries that the Company has businesses.
- 8) Use disciplinary actions or legal penalties to any employee who violates or does not comply with the Company's anti-corruption policy, whether directly or indirectly.

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 act of corruption occurs.



Internal Control and Risk Management

Internal Control

The Company has an Audit Committee whose responsibilities are to ensure that the Company has an efficient internal control system, oversee the internal control and internal audit's work, make recommendations on risk management to have an adequate, appropriate and efficient process. The Audit Committee approved that the Company engaged ANS Business Consultants Limited ("ANS") to act as the intenal auditor of the Company. In 2018, four internal audit processes were reviewed according to the approved plan from the Audit Committee, namely procurement, accounting and finance, inventory and distribution management, and human resource management.

Audit Process

The Company and Internal Auditor set working procedures by assessing the risks in the operations process of the Company's business the following main processes:

- 1. Sales Process
- 2. Accounting and Finance Process
- 3. Management of Fixed Assets and Equipment Process
- 4. Procurement Process
- 5. Inventory and Distribution Process
- 6. Product Development Process
- 7. Human Resource Management Process
- 8. Production Process
- 9. Technology Management Process

Internal Control Plan

- 1. Prepare audit topics on different processes, including follow-up on the recommendations from the previous audit (if any).
- 2. Consult with top management on issues that need more emphasis.

- 3. Prepare an annual internal audit plan that has been reviewed by the Company's management.
- 4. Propose for an approval of an annual internal audit plan to the Audit Committee, and inform the involved departments about the schedule of the internal audit visit.

Analyze and Prepare Audit Process

- 1. Study and analyze business operations process of the business that is to be audited.
- 2. Prepare an audit plan for business process to be audited.

Internal Audit and Reporting of Audit Results

- 1. Evaluate the efficiency of the internal audit, randomly check important issues, conduct interviews, and observe work procedures.
- 2. Summarize results of internal audit for the management and operators.
 - 3. Prepare a quarterly report for the Audit Committee.

Evaluation of Adequateness of Internal Audit Process

Opinion of the Board of Directors

At a meeting of the Board of Directors No. 8/2018 held on 14 December 2018 where all three members of the Audit Committee attended, the Board of Directors assessed the adequacy of the Company's internal control systems by asking for information from management and concerned units, and considering self-assessment of the Company's internal control by the management that was reviewed by the Audit Committee. From the results of the assessment of the Company's internal control systems, the five areas reviewed were:

- 1) internal control
- 2) risk assessment

-None-

3) operations control

- 4) information technology and data communications
- 5) monitoring system

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

Opinion of Audit Committee that was Different from the Board of Directors

Opinion of the Internal Auditor

The Company has business processes that are secure, effective, and able to manage risk at appropriate and acceptable levels. There are proper seperation of duties, operations manuals that were concise and could be properly implemented, and has a centralized management policy, with systematic supervision process.

Management was responsible for setting up improvement plans and following up until they were successfully implemented as scheduled. After receiving reviewed results of the internal audit with observations and recommendations for improvements for the internal audit process, it can be concluded that the control processes of the management team of the Company are effective and appropriate.

Head of Internal Auditor of the Company

The Company engaged ANS Business Consultants Limited ("ANS") as its internal auditor from 17 December 2015 where ANS assigned Mr. Amornpong Nualwiwat, the Director of ANS, as a responsible person in charge of the internal audit of the Company.

In the Audit Committee Meeting No. 5/2018 held on 14 December 2018, the Audit Committee considered qualifications of ANS and Mr. Amornpong Nualwiwat, and was of opinion that both were sufficiently independent and qualified for internal auditing of the Company. Mr. Amornpong has over 10 years of auditing experience in auditing and had training in Certified Professional Internal Auditor of Thailand. His qualifications as a head of internal audit is in attachment 3 of Annual Registration Statements for the year 2018 (from 56-1) - Details of head of internal audit.



Connected Transactions

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

Connected transactions between the Company and parties that may have a conflict of interest, for the years ended 31 December 2017 and 2018 were as follows:

(1) Mr. Adisak Lowjun ("Mr. Adisak")

Mr. Adisak is a director and shareholder of the Company, and held direct and indirect shareholdings of 7.56% of the Company's paid-up capital (as of 31 December 2018).

	Transaction Amount (million Baht)			
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee
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 was related to the Company's asset. Selling price of the car was based on the market price, and Mr. Adisak fully paid for the vehicle. Therefore, the transaction was reasonable, and for the interest of the Company.
Cash advance	-	0.17	The Company advanced cash to Mr. Adisak for a business trip abroad.	The transaction was for flexibility while working, and was only for the actual expense. The unused portion would have to be returned to the Company. Therefore, the transaction was reasonable, and for the interest of the Company.

(2) 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 held direct and indirect shareholdings of 0.17% of the Company's paid-up capital (as of 21 August 2018).

	Transaction Amount (million Baht)			
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee
Payment for media promotional material	0.02	-	The Company hired Mr. Jirawat to photograph and video Tubkwang Quarry and Kangkoi 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 to support the company's business, 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 interest of the Company.

(3) Mr. Nattapond Kongsompong (Mr. Nattapond")

Mr. Nattapond is an executive and shareholder of the Company, and held direct and indirect shareholdings of 0.02% of the Company's paid-up capital (as of 31 December 2018).

	Transaction Amount (million Baht)				
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Cash advance	-	0.13	The Company advanced cash to Mr. Nattapond for general activities of the Company.	The transaction was for work flexibility, and was only actual expense. The unused portion would have to be returned to the Company. Therefore, the transaction was reasonable, and for the interest of the Company.	

(4) Buranachart Company Limited ("Buranachart Co., Ltd.")

Buranachart Co., Ltd. is a shareholder of the Company, and held 26.26% of the Company's paid-up capital (as of 21 August 2018). Three persons are also directors of both companies, namely Mr. Adisak Lowjun, Mr. Suthep Uacherdkul, and Mr. Chareon Churekanont.

	Transaction Amount	(million Baht)			
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Short-Term loan	Beginning - balance Borrow 1,214.00 Pay back (1,214.00) Balance	_	The Company received a Baht 1,214.00 million short-term loan from Buranachart Co. Ltd. to repay a loan from a commercial bank through the issuance of a Promissory Note, dated 9 May 2017 with an interest rate of 5.76% per year. This rate was based on average interest rates of term-loan for prime major customers of four large commercial banks minus 0.50%. It was similar to interest rates the Company received from other commercial banks.	The transaction was for a financial assistance and was necessary. The Company used the loan to repay an earlier loan from a commercial bank. The interest paid was the normal rate for loans. Therefore, the transaction was reasonable, and for the interest of the Company.	
Interest paid	5.89	-	On 9 June 2017, the Company fully repaid the loan to Buranachart Co., Ltd.		

(5) Rayong Mongkolchai Company Limited ("Rayong Mongkolchai Co., Ltd.")

Mr. Suthep Uacherdkul, a director and shareholder of the Company, held direct and indirect shareholdings of 3.92% of the Company's paid-up capital (as of 31 December 2018). He is a director and major shareholder of Rayong Mongkolchai Co., Ltd., and held 50.00% of the paid-up capital of Rayong Mongkolchai Co., Ltd. (as of 22 October 2018).

	Transaction Amount (million Baht)			
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee
Payment for construction materials	0.16	0.20	The Company purchased construction materials and equipment from Rayong Mongkolchai Co., Ltd. to use in its hydrated lime plant in Rayong.	The transaction was the Company's normal business transaction with price and payment conditions similar to what the Company received from other suppliers.
Trade payables	0.04	0.02	Rayong Mongkolchai Co., Ltd.'s price and payment terms were similar to what the Company received from other suppliers.	Therefore, the transaction was reasonable, and for the interest of the Company.
Revenue from sales of hydrated lime	0.007	-	The Company sold hydrated lime to Rayong Mongkolchai Co., Ltd. for using 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 interest of the Company.

(6) Legal Advisory Council Limited ("Legal Advisory Council Co., Ltd.")

Mr. Pornprom Karnchanachari, a director of the Company, and also a director and shareholder of Legal Advisory Council Co., Ltd., with shareholdings of 25.00% of the paid-up capital of Legal Advisory Council (as of 27 April 2018).

Transaction	Transaction Amount (million Baht)				
	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Legal	0.86	0.39	The Company engaged Legal	The transaction was the Company's	
advisory			Advisory Council Co., Ltd. as its	normal business transaction as the	
service fee			legal advisor with the following	Company requires legal advice.	
			scope of work:	Legal Advisory Council Co., Ltd.	
			 prepare the Company's 	has been the Company's legal	
Legal	-	-	corporate documents;	advisor for many years and knows	
advisory fee			 carry out legal work for the 	and understands the Company well	
payable			Company's reorganization to	so it could service the Company	
			convert to a public company	effectively. The fees charged were	
			limed;	standard fees as charged other	
			 due diligence service 	clients, and were normal market	
			fees charged by Legal Advisory	rates. Therefore, the transaction	
			Council Co., Ltd. were standard	was reasonable, and for the interest	
			fees charged to other clients and	of the Company.	
			were normal market rates.		

(7) Easternbulk Lime Products Private Limited ("Easternbulk Lime")

The Company held 50.00% in Easternbulk Lime's paid-up capital. Mr. Adisak Lowjun is also a director of both companies (as of 31 December 2018).

Transaction	Transaction Amount (million Baht)				
	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Cash advance	-	0.16	The Company advanced cash to Easternbulk Lime for exchange difference on translation adjustments from investment in Easternbulk Lime. The balance will be transferred back to the Company according to the regulations of the Reserve Bank of India.	The transaction was to support the Company's business, and to facilitate work. Therefore, the transaction was reasonable.	

(8) Tubkwang Company Limited ("Tubkwang Co., Ltd.")

The Company held 99.99% of the paid-up capital of Tubkwang Co., Ltd. Three persons are also directors of both companies, namely Mr. Adisak Lowjun, Mr. Chai Srivikorn and Mr. Suwat Tunlayadechanont (as of 31 December 2018).

Transaction	Transaction Amount	(million Baht)		
	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee
Short-Term Loan	Beginning 1.90 balance Borrow -	-	The Company received a Baht 1.90 milion loan from Tubkwang Co., Ltd. to use as working capital,	The transaction was financial assistance that was necessary
	Pay back (1.90) Balance -		with interest rate of 6.50% per year. This rate was based on normal lending interest rates that commercial banks charge its	for the Company to use as working capital. The interest rate was the normal loan rate.
Interest paid	0.06		prime major customers. On 27 June 2017, the Company fully repaid the loan to Tubkwang Co., Ltd.	Therefore, the transation was reasonable, and for the interest of Company.

(9) Chememan International Pte. Ltd. ("Chememan International")

The Company held 99.99% of the paid-up capital of Chememan International. Three persons are also directors of both companies, namely Mr. Adisak Lowjun, Mr. Chai Srivikorn and Mr. Suwat Tunlayadechanont (as of 31 December 2018).

	Transaction Amount	(million Baht)			
Transaction	Transaction		Necessity and Reasonableness	Opinion of the Audit Committee	
Short-Term loan	Beginning 7.20 balance Currency fee - Borrow - Payback (7.20) Balance -	- - - - -	The Company received a USD 20 million loan from Chememan International to use as working capital, without any interest. On 15 June 2017, the Company fully repaid the loan to Chememan International.	The transaction was needed financial assistance that the Company used as working capital without incurring any interest. Therefore, the transaction was reasonable, and for the interest of the Company.	
Advance payment	7.22	-	The Company received an advance payment from Chememan International due to closure of a bank account (which is a procedure in dissolving a business) and the money was transferred back to the Company. The business was dissolved on 4 December 2018.	The transaction was to support the Company's business, and to facilitate work. Therefore, the transaction was reasonable.	

(10) Chememan Australia Pty Ltd. ("Chememan Australia")

The Company held 99.99% of the paid-up capital of Chememan International. Three persons are also directors of both companies, namely Mr. Adisak Lowjun, Mr. Chai Srivikorn and Mr. Suwat Tunlayadechanont (as of 31 December 2018).

	Transaction Amount (million Baht)				
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Sales revenue	264.35	337.74	The Company sold products, such as lime, limestone and ground limestone to Chememan	The transaction was in the normal course of business of the Company, where the sales price	
Trade payables	71.30	95.82	Australia. The sales price was similar to what the Company sold to other customers, and the terms of payment were better. The Company held 99.99% of the paid-up capital of Chememan Australia.	given to Chememan Australia was similar to what the Company sold to other customers, and the terms of payment were better. Therefore, the transaction was reasonable and for the interest of the Company.	
Sale of assets	0.42		The Company sold equipment, such as screw conveyor, bag cutting machine and dust collector, to Chememan Australia to use as equipment for business in Australia. The Company used the asset value plus 10% as the sales price. Chememan Australia fully paid for the equipment.	The transaction was related to assets of the Company that was necessary. The sale price was the book value plus 10%, and Chememan Australia fully paid for the equipment. Therefore, the transaction was reasonable and for the interest of the Company.	

(11) Northman Company Limited ("Northman")

The Company held 100.00% of the paid-up capital in Northman. Mr. Adisak Lowjun is also a director of both companies (as of 31 December 2018).

	Transaction Amo	ount (million Baht)		
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee
Service fee for raw material sourcing	6.74	6.36	The Company hired Northman to source raw materials in Vietnam. Monthly charge was according to a yearly Trade	The transaction was to support the Company's business because the Company needed services to source raw materials in Vietnam.
Service fee for raw material soucing payable	0.54	0.53	Contract from 1 January to 31 December. Monthly fee was Dong 375.00 million. Northman charged estimated actual costs. The Contract covered sourcing raw materials, building customer base, and quality	Northman charged estimated actual costs incurred. Therefore, the transaction was reasonable and for the interest of the Company.
			control of products.	

	Transaction Amount	(million Baht)		
Transaction	Year Year Ended 31 Ended 3 December Decemb 2017 2018		Necessity and Reasonableness	Opinion of the Audit Committee
Short-Term Loan	Beginning 0.43 balance Currency fee - Borrow - Pay back (0.43) Balance -	- - - - -	The Company loaned USD 12,000 to Northman to use as working capital on 24 March 2016. Interest charged was 6.25 - 6.50% per year. This rate was based on major prime customers of commercial banks which was the normal loan rate. As of 24 March 2017, Northman fully re-	The transaction was financial assistance to a subsidiary. Northman used the loan as working capital. The interest charged was the normal loan rate. Therefore, the transaction was reasonable and for the
Accrued interest receivable	-	-	paid the loan to the Company.	interest of the Company.
Long-Term loan Interest recieved Accrued	Beginning 4.62 balance (0.41) Currency fee - Borrow - Pay back 4.21 Balance 0.28	4.21 (0.02) - - 4.19 - 0.26	The Company loaned USD 130,000 to Northman, under three contracts, to use as working capital on 30 August 2013. Interest charged was 6.25% per year. This rate was based on major prime customers of commercial banks which was the normal loan rate. The long-term loan of the three contracts is due by 2020 and 2024.	The transaction was financial assistance to a subsidiary. Northman used the loan as working capital. The interest charged was the normal loan rate. Therefore, the transaction was reasonable and for the interest of the Company.
interest receivable				

(12) Chememan India Private Limited ("Chememan India")

The Company held a 100.00% of the paid-up capital of Chememan India. Mr. Adisak Lowjun was also a director of both companies (as of 31 December 2018).

	Transaction Amount (million Baht)				
Transaction	Year Ended 31 December 2017	Year Ended 31 December 2018	Necessity and Reasonableness	Opinion of the Audit Committee	
Service fee	2.97	3.83	The Company employed Chememan India to conduct market study, and build	The transaction was to support the Company's business because the Company needed market research	
Accrued service fee	0.97	0.96	customer base in India. Payment for services are quarterly according to the Trade Agreement from 1 April 2017 to 31 March 2018 and Agreement from 1 April 2018 to 31 December 2018, at a service fee of USD 25,000 (excluding VAT of 18%). Chememan India charged according to estimated actual cost.	services and support in building a customer base in India, and Chememan India charged the estimated actual cost. Therefore, the transaction was reasonable, and for the interest of the Company.	

(13) Chememan India Private Limited ("Chememan India") และ Easternbulk Lime

The Company held 99.99% in the paid-up capital of Chememan India, its subsidiary. Two persons are also directors of Chememan India and Easternbulk Lime, namely: Mr. Adisak Lowjun and Mr. Srikanth Palakurthi (as of 31 December 2018).

	Transaction Amo	ransaction Amount (million Baht)		
Transaction	Year Year Necessity and Ended 31 Ended 31 Reasonableness December December 2017 2018		Opinion of the Audit Committee	
Service fee income	-	2.80	Easternbulk Lime engaged Chememan India for construction management, accounting and personnel administration. Monthly fees of Indian rupees of 500,000 were charged to Trade Contracts from 1 January 2018 to 31 December 2018. Chememan India charged according to estimated actual costs.	The transaction was to support the business of Easternbulk Lime because Easternbulk Lime needed services for construction management, accounting and personnel administration, especially during the start up of the business. Chememan India charged according to estimated actual costs. Therefore, the transaction was reasonable, and for the interest of the Company.

Approval Process for Connected Transactions

The Audit Committee will review and give opinion on connected transactions 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 the connected transaction, the Company will obtain opinion from independent expert or the Company's auditor on such connected transaction as information for 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 a 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, for transparency and to avoid 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 the 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 a conflict of interest.
- 3. If it is necessary for the Company or its subsidiaries to enter into connected transactions, 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 a trade agreement with general terms and conditions that received prior an 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 transactions on an arm's length basis which must be fair, reasonable and for the best interest of 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 a conflict of interest cannot approve or vote on such transaction.
- 7. In evaluating the connected transactions, the Company or its subsidiaries may appoint an independent appraiser to assess and compare prices of a 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. Hiring of consultants from Legal Advisory Council Company Limited This transaction was necessary to support the Company's business. The fees charged are 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.
- 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.
- 3. Advancing cash to directors 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 a proper control of cash advance.

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, namely 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 is 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

M.L. Chandchutha Chandratat

Chairman of the Board of Directors

Audit Committee Report Year 2018



The Audit Committee of Chememan Public Company Limited is comprised of three qualified independent directors, namely Mr. Pornprom Kanchanachari, Miss Amata Issarangura Na Ayudhaya and Mr. Yarnsak Manomaiphiboon. The Audit Committee was appointed by the Meeting of the Board of Directors to perform duties and responsibilities in accordance with Audit Committee Charter. In 2018, the Audit Committee held five meetings with summary of work performed as follows:

1. Held five meetings in 2018 to confer with management, internal auditors and external auditors, and proposed quarterly reports to the Board of Directors.

Name	Position	Attendance in 2018*
1. Mr. Pornprom Karnchanachari	Chairman of Audit Committee	5/5
2. Miss Amata Issarangura Na Ayudhaya	Member of Audit Committee	5/5
3. Mr. Yarnsak Manomaiphiboon	Member of Audit Committee	5/5

Note: * In 2018, the Audit Committee held one meeting with the external auditors without management attending.

- 2. Considered qualifications for the appointment of external auditors for 2018 based on independence, qualifications, services rendered, and audit fees; and resolved that the external auditors were independent, and gave opinions and recommendations that were useful to the preparations of the financial reports and internal control. Therefore, the Audit Committee proposed the appointment of auditors from EY Office Limited as the external auditors for 2018 for another term. The auditors to be appointed were: Mr. Krisada Lerdwana, Cerfified Publisc Accountant, registration no. 4958; Mr. Termphong Opanaphan, Certified Public Accountant, registration no. 4501; and Mrs. Poonnard Paochareon, Certified Public Accountant, registration no. 5238. They were to give opinions on the financial statements of the Company, and propose audit fees for approval by the Annual Geneal Meeting of the Shareholders.
- 3. Reviewed the quarterly and annual financial statements of the Company and its subsidiaries, with related members of management and external auditors present in the meeting to clarify and answer questions. The Audit Committee was of the opinion that the financial statements of the Company present the financial position fairly in all material aspects in accordance with Thailand's financial reporting standards. The Audit Committee also held one meeting with the external auditors, without management attending, to discuss the audit plan; independence in working; and allowed external auditors to express opinions and propose recommondations on various matters.
- 4. Reviewed connected transactions of the Company and its subsidiaries with possible parties that may have conflicts of interest to comply with entering into connected transactions under the laws and regulations of The Stock

exchange of Thailand. The Audit Committee was in the opinion that the connected transactions of the Company and its subsidiaries, with parties that may have conflicts of interest, were in accordance with the laws and regulations of Stock Exchange of Thailand, business practices, fair, reasonable, and did not facilitate a transfer of interest. The disclosures of information were complete and sufficient.

- 5. Reviewed the internal control process to assess its adequacy and effectiveness. This gave reasonable assurance that the Company's operations had achieved its targeted goal as presented in the external auditors' quarterly reports. The Audit Committee was in the opinion that the Company had adequate internal controls.
- 6. Reviewed operations and oversaw that the Company was strictly in compliance with the Securities and Exchange Act, regulations of The Securities and Exchange Commission, The Stock Exchange of Thailand, and other laws relevant to the Company's business. The Audit Committee was in the opinion that the Company operated business correctly and appropriately. In 2018, there were no cases of violation of relevant laws and regulations by the Company.
- 7. Oversaw internal audit work by approving the annual internal audit plan which was based on risk assessments; acknowledgement of the quarterly audit results; and offered recommendations to internal auditor and management for improvements and modifications, as appropriate; consistently monitored the modifications; reviewed the

independence and work of the company in charge of the auditing; reviewed and developed the Audit Committee Charter. The Audit Committee was in the opinion that the internal audit process of the Company was sufficiently independent and effective; the head and members of the internal audit were knowledgeable, proficient and experienced in audit work commensurate with the professional standards to assist the Company to achieve its goals.

8. The Audit Committee reviewed and improved the Audit Committee Charter to correspond with the objectives of setting up the Audit Committee.

In summary, in 2018, the Audit Committee fulfilled its duties and responsibilities in accordance with the Audit Committee Charter with proficiency, carefulness and prudence, and sufficiently maintained its independence. The Audit Committee was of the opinion that the financial statements of the Company present information, in all material aspects, in accordance with general financial reporting standards with adequate disclosure of connected transactions or transactions that could lead to conflicts of interest; and that the Company has good corporate governance, appropriate risk management, sufficient internal controls systems and internal audits that are appropriate and effective, and fully complies with all law, rules and regulations related to the operation of the Company.

> Mr. Pornprom Karnchanachari Chairman of the Audit Committee





Management's Discussion and Analysis

Business Overview

Lime¹ and limestone have been used as part of the production process of various consumer products used in daily life. Therefore, there are business opportunities for Chememan Public Company Limited ("Company") who has a limestone quarry concession as a source for its raw material. This is an important factor enabling the Company to continually expand its production capacity. Presently, the Company is the leader in the lime and derivatives chemical lime industries in Asia. It has local and international customer bases in various industries.

Important Events in 2018

1. Commenced Commercial Operations of KK6 Quicklime Kiln at Kangkoi Plant

The Company increased production capacity by investing in the construction a quicklime kiln (KK6) at Kangkoi Plant in Saraburi province, with production capacity of 109,500 tons per year. Commercial operations commenced in the beginning of January 2018.

2. Commenced Commercial Operations of Quicklime Crusher at Kangkoi Plant

The Company invested in a quicklime grinding machine at Kangkoi Plant, with production capacity of 120,000 tons per year. It also invested in material conveying system and silo used to store the ground quicklime. Commercial operations commenced in the beginning of January 2018.

3. Issued an Initial Public Offering (IPO) and Listed on the Stock Exchange of Thailand.

The Company issued an Initial Public Offering (IPO) of 240 million shares (at par Baht one per share), from 14 to 16 March 2018, at selling price of Baht 3.84 per share. The total shares of the Company, from the IPO and existing shareholders, were 960 million shares. The Company received the funds from the capital increase on 19 March 2018. The shares were listed on the Stock Exchange of Thailand on 21 March 2018. The Company used part of the funds raised from the IPO to support the increase in production capacity, and the remaining to repay its short-term and long-term loans.

4. Financial Restructuring

The Company had a financial restructuring with a financial institution to replace an existing loan and lower financial costs. The restructuring was completed in the third quarter of 2018.

5. Dissolved Subsidiary in Singapore

The Company dissolved its subsidiary, Chememan International PTE. LTD., in Singapore which the Company held 100% of the paid-up capital of US\$ 300,000. This subsidiary was closed as the Company was accepted as a member of International Trade Centre (ITC), and did not have to conduct business through its subsidiary and the lowering of costs of managing a business aboard.

¹Lime refers to quicklime and hydrated lime

Results of Operations Summary

Unit: million Baht	For Year Ended		
Offit. Hillion Bant	31 December 2018	31 December 2017	
Sales Revenue (1)	2,423	2,198	
Domestic	959	906	
International	1,464	1,292	
Cost of Sales (not include depreciation & amortization)	(1,429)	(1,225)	
Transportation cost	(425)	(414)	
Gross Profit (net transportation cost and depreciation & amortization)	569	560	
Gross Profit Margin (net transportation cost and	28.5%	31.4%	
depreciation & amortization) ⁽²⁾ (%)	20.376	01.476	
Other income	19	14	
Selling expenses	(33)	(28)	
Administrative expenses	(159)	(210)	
Gain (Loss) on exchange rate	2	(7)	
Share of loss from investment in joint ventures	(4)	(1)	
Non-cash expenses	23	19	
EBITDA	417	348	
Adjust : (a) Gain (Loss) on exchange rate	(2)	7	
Adjust : (b) Cost incurred by temporary shutdown of kiln	10	5	
for maintenance			
Normalized EBITDA (3)	425	360	
Normalized EBITDA Margin (%)	17.5%	16.4%	
Depreciation & Amortization	(187)	(160)	
Depreciation & Amortization — Cost of sales	(173)	(150)	
Depreciation & Amortization — Administrative expenses	(14)	(10)	
Finance Costs	(57)	(63)	
Interest received	3	3	
Adjust : (c) Loan prepayment fee	11	0	
Gain (Loss) on tax	9	0	
Normalized Net Profit (3)	203	140	
Normalized Net Profit margin (%)	8.4%	6.4%	
(a) Gain (Loss) on exchange rate	2	(7)	
(b) Cost incurred by temporary shutdown of kiln for	(10)	(5)	
maintenance			
(c) Loan prepayment fee	(11)	0	
(d) Non-cash expenses	(23)	(19)	
Net Profit	161	109	
Net Profit Margin ⁽⁴⁾ (%)	8.1%	6.1%	
Earnings per share (Baht)	0.18	0.16	

⁽¹⁾ Sales revenue = Revenue from sales of products and transportation cost

⁽²⁾ Gross Profit Margin (net transportation and depreciation & amortization) = Gross Profit (net transportation and depreciation & amortization) / (Sales revenue - Transportation cost)

⁽³⁾ After adjustment of unusual transactions

 $^{^{(4)}}$ Net Profit Margin = Net Profit / (Sales revenue - Transportation cost)

Analysis of Operational Results

Results of operations for year 2018 compared to year 2017

In 2018, sales revenue were Baht 2,523 million, an increase of Baht 225 million, or by 10.2%, compared to 2017, primarily due to (1) increased production capacity of quicklime at Kangkoi Plant from installation of KK6 quicklime kiln that started commercial operations in the beginning of 2019, and (2) increased sales revenue from higher international sales which increased 13.3% from 2017, due to growth in international markets; despite the impact from the average Thai baht being stronger than foreign currencies in 2018.

Gross profit margin (net transportation and depreciation & amortization) in 2018 was 28.5%, a decrease of 31.4% from 2017, due to (1) restatement of certain staff costs from administrative expenses to cost of sales in 2018, (2) increased cost of natural gas which is fuel used in the production process at Prabuddhabaht Plant, in accordance with the fuel cost formula, and (3) lower average price of quicklime and hydrated lime sold internationally from the strengthening of Baht against foreign currencies.

Consolidated net profit in 2018 was Baht 161 million, an increase of 47.5% from 2017, with net profit margins of 8.1% and 6.1% in 2018 and 2017, respectively, primarily due to (1) decreased rental cost of warehouse, from renting to using Company's newly constructed warehouse at Kangkoi Plant, (2) increased depreciation expenses from investments in construction of KK6 quicklime kiln and crushing plant at Tubkwang Quarry, (3) lower tax expenses from higher profits of business with KK6 quicklime kiln that received an investment promotion certificate, and (4) lower finance cost from the financial restructuring in the third quarter of 2018.

Note: Figures with decimal points in the Management's Discussion and Analysis may have been rounded off resulting in figures from calculations may not be the same as those presented.

Results of Operations by Main Products

Main revenues of the Company are from sales of three major products, namely (1) quicklime, (2) hydrated lime and (3) limestone and ground limestone.

Quicklime

Quicklime	For 12-month	For 12-month Period Ended		
Quickiine	31 December 2018	31 December 2017		
Sales Quantities (tons)	565,656	482,161		
Domestic	235,802	241,847		
International	329,854	240,314		
Sales Revenue (million Baht)	1,822	1,605		
Domestic	647	642		
International	1,175	963		
Cost of sales (million Baht)	(1,225)	(1,037)		
Transportation cost (million Baht)	(307)	(284)		
Gross Profit (net transportation) (million Baht)	290	284		
Gross Profit Margin (net transportation) %	19.1%	21.5%		

Sales revenue of quicklime in 2018 increased by Baht 217 million, or 13.5%, compared to 2017, primarily due to (1) commercial operations of KK6 quicklime kiln commenced operations in the beginning of 2018, and (2) increased international sales from growth in international marketing.

Gross profit margin (net transportation) in 2018 was 19.1%, a decrease from 21.5% in 2018, due to (1) restatement of certain staff costs from administrative expenses to cost of sales in 2018, (2) increased purchases of products from other lime producers for resale, and (3) higher cost of natural gas which is used as fuel in the production process at Prabuddhabaht Plant.

Hydrated Lime

Hydrated Lime	For 12-month Period Ended		
Trydrated Elific	31 December 2018	31 December 2017	
Sales Quantities (tons)	98,662	89,665	
Domestic	35,891	24,562	
International	62,771 65,103		
Sales Revenue (million Baht)	391	377	
Domestic	113	79	
International	278	298	
Cost of sales (million Baht)	(246)	(224)	
Transportation cost (million Baht)	(48)	(59)	
Gross Profit (net transportation) (million Baht)	96	93	
Gross Profit Margin (net transportation) %	28.2%	29.4%	

Sales revenue of hydrated lime in 2018 increased by 3.7% from 2017, while domestic sales increased to 29% from 21% in 2017. Gross profit margin (net transportation) was 28.2%, a decrease from 29.4% in 2017, due to the restatement of certain staff costs from administrative expenses to cost of sales in 2018.

Limestone and Ground Limestone

Limestone and Ground Limestone	For 12-month Period Ended		
Limestone and Ground Limestone	31 December 2018	31 December 2017	
Sales Quantities (tons)	491,081	566,687	
Domestic	470,500	482,548	
International	20,581 84,139		
Sales Revenue (million Baht)	211	217	
Domestic	199	185	
International	12	31	
Cost of sales (million Baht)	(122)	(114)	
Transportation cost (million Baht)	(70)	(70)	
Gross Profit (net transportation) (million Baht)	19	32	
Gross Profit Margin (net transportation) %	13.7%	22.0%	

Sales revenue from limestone in 2018 decreased by 2.8% from 2017, due primarily to lower revenue from international sales, as the Company's increased its limestone reserve for use as raw material in the increased production of quicklime. In 2018, gross profit margin (net transportation) was 13.7%, a decrease from 22.0% in 2017, due to lower international sales volume of limestone and ground limestone, and the restatement of certain staff costs from administrative expenses to cost of sales in 2018.

Financial Position

	As of		Chango
Unit : million Baht	31 December 2018	31 December 2017	Change (%)
Cash & cash equivalents	126	46	+175%
Trade and other receivables	417	391	+7%
Inventories	312	280	+12%
Investment in joint ventures	108	14	+678%
Property, plant and equipment	2,550	2,256	+13%
Ore reserve	101	108	-6%
Other assets	209	122	+71%
Total Assets	3,824	3,217	+19%

	А	As of				
Unit : million Baht	31 December 2018	31 December 2017	Change (%)			
Trade and other payables	324	330	-2%			
Interest-bearing debt	1,162	1,556	-25%			
Other Liabilities	116	108	+7%			
Total Liabilities	1,601	1,994	-20%			
Equity attributable to owners of the Company	2,219	1,217	+82%			
Non-controlling interests of the subsidiary	4	5	-28%			
Total shareholders' equity	2,223	1,223	+82%			

Total Assets

As of 31 December 2018, total assets were Baht 3,824 million, an increase of Baht 607 million from Baht 3,217 million at year end 2017, primarily due to:

- 1) property, plant and equipment, and advance payment for construction of plant & machinery increased by Baht 294 million from investments in: production capacity increase of KK6 quicklime kiln which was completed and started production in the end of January 2018; crushing plant at Tubkwang Quarry which was completed in the second quarter of 2018; and KK4 quicklime kiln and big silos used for storage.
 - 2) investments in two joint ventures in India according to the investment plan.
 - 3) increased cash and cash equivalents from the increase in operational cash flow.

Total Liabilities

As of 31 December 2018, total liabilities were Baht 1,601 million, an increase of Baht 393 million from Baht 1,994 million at year end 2017, primarily due to repayment of debt (short-term and long-term borrowings) by using cash inflows from operating activities and cash proceeds from the Initial Public Offering (IPO) in the first quarter of 2018. This increased the current ratio to 1.41 times from 1.02 times at year end 2017; the debt to equity ratio decreased to 0.72 times from 1.63 times at year end 2017; and the interest bearing debt to equity ratio decreased to 0.52 times from 1.27 times at year end 2017.

Shareholders' Equity

As of 31 December 2018, shareholders' equity was Baht 2,223 million, an increase of Baht 1,000 million from 1,223 MB at end 2018, primarily due to the IPO in the first quarter of 2018.

Liquidity and Cash Flow

	For 12-month	n Period Ended	Chanas
Unit : million Baht	31 December 2018	31 December 2017	Change (%)
Cash flows from operating activities	320	207	113
Cash flows from investing activities	(678)	(443)	(235)
Cash flows from financing activities	443	240	203
Increase (Decrease) in translation adjustments	(5)	(2)	(3)
Net increase in cash and cash equivalents	80	3	78
Cash and cash equivalents at beginning of period	46	43	3
Cash and cash equivalents at end of period	126	46	80

In 2018, cash flows and cash equivalents increased to Baht 126 million, due to increased cash flows of Baht 80 million, from the same period in 2017.

Cash flows from operating activities

Net cash inflows from operating activities were Baht 320 million, an increase of Baht 113 million from the same period in 2017, primarily due to (1) increased profit from operating activities before changes in operating assets and liabilities, (2) decreased change in working capital, and (3) lower cash outflows for income tax payment.

Cash flows from investment activities

Net cash outflows from investing activities were Baht 678 million, an increase of Baht 235 million from the same period in 2017, primarily due to (1) increased investment in construction to expand production capacity of KK4 quicklime kiln, crushing plant and big silos, and (2) increased investment in two joint ventures in India.

Cash flows from financing activities

Net cash inflows from financing activities were Baht 443 million, an increase of Baht 203 million from the same period in 2017, primarily due to (1) net cash received from IPO, and (2) lower net cash outflows from financial restructuring which reduced repayment obligations.

Key Financial Ratios

		For 12-month period ended				
Financial Ratios	Unit	31 December 2018	31 December 2017	31 December 2016		
Liquidity Ratio						
Current ratio	times	1.41	1.02	0.68		
Average Collection Period	days	52	51	45		
Average Inventory Period	days	52	53	59		
Average Payment Period	days	47	55	54		
Profitability Ratio						
Gross Profit Margin	%	33.86%	37.45%	38.37%		
Net Profit Margin	%	6.59%	4.93%	7.71%		
Net Profit Margin (Normalized)	%	7.37%	5.44%	7.71%		
Return on Equity	%	9.36%	9.53%	15.48%		
Return on Equity (Normalized)	%	10.45%	10.51%	15.48%		
Financial Policy Ratio						
Debt / Equity ratio	times	0.72	1.63	1.60		
Interest-Bearing Debt / Equity ratio	times	0.52	1.27	1.21		

Remarks: The calculation of financial ratios is referenced from formulas in the SET's manual guide.

Business Plan

The Company is a leader in lime industry in Asia, and has large customer bases in various industries in Asia, Australia and Africa. With the vision of to be one of world's top ten leaders in the lime industry, the Company expanded businesses in Thailand and overseas together with developing the organization.

Continually Expand Domestic Production Capacity

The Company installed KK4 quicklime kiln with production capacity of 73,000 tons per year, at the Kangkoi Plant. Construction was completed and commercial operations commenced on 30 January 2019. It also constructed a large silo with a storage capacity of 12,000 tons which will lower costs and have more efficient storage management. Construction is expected to be completed in the second quarter of 2019.

Reduce Cost

The Company started a construction project for production of ground limestone, with production capacity of 108,000 tons at Tubkwang grinding plant to lower transportation costs of transporting limestone to Prabuddhabaht Plant to produce ground limestone which increase profit opportunities. Operations are expected to commence in 2019.

Expand Production Base to Foreign Countries

To support the increasing market demand, the Company expanded its capability by investing in two joint ventures in India, namely Siriman Chemicals to produce and distribute lime and limestones in Visakhapatnam, and Easternbulk Lime Products to produce and distribute lime and limestones in Tuticorin. The Company has a 50% shareholding in both. Construction and installation of quicklime kilns in both cities and are expected to commence operations as planned.

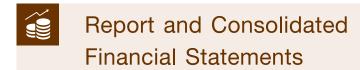
Expand Business Opportunities

On 21 January 2019, the Company signed a joint venture agreement with two German companies, namely BERGMANN KALK HOLDING GmbH and KALKWERKE H. OETELSHOFEN GmbH & Co. KG who are experienced in the construction materials business, and a company was established in Thailand, to develop, produce and distribute construction materials in Thailand and other countries in Southeast Asia, with the Company holding a 51% share in this company.

Maintain Dividend Payment Policy

The Company maintains its dividend policy of paying at least 40% of consolidated net profit after deduction of corporate income tax and all reserves as required by law and the Company's Articles of Association. Dividend payments must not exceed the Company's retained earnings based on its separate financial statements, taking into consideration the Company's cash flow, operating results, financial structure, investment plans, conditions and obligations of the Company in different contracts, future requirements, and consistency of the dividend payments to the shareholders.





Independent Auditor's Report

To the Shareholders of Chememan Public 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 2018, 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 2018, 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.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Recognition of revenue from sales

Revenue from sales of chemical products for industrial use is a significant amount. As at 31 December 2018, sales amounted to Baht 2,423 million and directly affected the Group's profit and loss. In addition, the Group has a large number of customers and a variety of terms and conditions of sales. There are therefore risks with respect to the amount and timing of revenue recognition from sales, especially near the end of the year.

I have examined the revenue recognition of the Group by assessing and testing the effectiveness of the IT system and internal controls with respect to the revenue cycle of the Group, especially tests related to the accuracy and timing of revenue recognition in the financial statements of the Group by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I examined supporting documents for sales transactions occurring during the year and near the end of the accounting period, with special consideration given to expanding the scope of the examination of supporting documentation for transactions occurring near the end of the accounting period. I also reviewed credit notes that the Group issued after the period-end date and performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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.
- 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.

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

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

Khitsada Lerdwanna

Kleit. C.

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 27 February 2019

Statements of financial position

As at 31 December 2018

(Unit: Baht)

	,	Consolidated fin	ancial statements	Separate finan	cial statements
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets					
Current assets					
Cash and cash equivalents	7	125,991,606	45,733,670	84,375,571	14,156,688
Trade and other receivables	8	412,294,209	388,465,922	418,942,067	381,544,742
Current portion of accounts receivable					
under installment sales	9	4,878,222	2,163,626	4,878,222	2,163,626
Inventories	10	312,466,851	279,913,156	265,194,242	243,285,662
Other current assets		19,130,658	22,726,115	18,574,975	22,494,788
Total current assets		874,761,546	739,002,489	791,965,077	663,645,506
Non-current assets					
Restricted bank deposits		501,651	559,601	-	-
Accounts receivable under installment sales					
- net of current portion	9	44,614,863	49,864,832	44,614,863	49,864,832
Long-term loan to related party	6	-	-	4,185,012	4,216,446
Investments in subsidiaries	11	-	-	120,836,746	128,108,282
Investments in joint ventures	12	107,829,858	13,853,316	116,579,990	15,083,016
Property, plant and equipment	13	2,550,402,942	2,256,313,402	2,526,692,639	2,225,134,835
Ore reserve	14	100,817,992	107,515,742	100,817,992	107,515,742
Advance payments for construction of					
plant and machinery		95,956,271	6,655,354	95,956,271	6,655,354
Intangible assets		5,076,243	7,988,968	-	-
Deferred tax assets	23	37,232,723	27,444,688	28,235,384	13,713,500
Other non-current assets		7,102,443	7,326,836	5,256,059	5,271,158
Total non-current assets		2,949,534,986	2,477,522,739	3,043,174,956	2,555,563,165
Total assets		3,824,296,532	3,216,525,228	3,835,140,033	3,219,208,671

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

Chememan Public Company Limited and its subsidiaries Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated fin	ancial statements	Separate finan	cial statements
	Note	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	154,516,555	263,871,659	154,516,555	263,871,659
Trade and other payables	16	323,524,345	329,889,208	299,651,412	302,413,950
Current portion of liabilities under					
finance lease agreements	17	22,131,137	24,410,081	22,043,163	24,410,081
Current portion of long-term loans	18	80,242,908	71,765,860	80,242,908	71,765,860
Other current liabilities		37,859,054	33,633,925	30,132,562	31,520,468
Total current liabilities		618,273,999	723,570,733	586,586,600	693,982,018
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion	17	42,453,582	58,926,633	42,226,160	58,926,633
Long-term loans, net of current portion	18	862,934,908	1,136,755,042	862,934,908	1,136,755,042
Provision for long-term employee benefits	19	62,808,489	57,230,747	61,694,547	56,325,856
Deferred tax Liabilities	23	303,142	664,408	302,982	651,093
Other non-current liabilities		14,531,098	16,677,807	14,490,048	16,541,245
Total non-current liabilities		983,031,219	1,270,254,637	981,648,645	1,269,199,869
Total liabilities		1,601,305,218	1,993,825,370	1,568,235,245	1,963,181,887

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

Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated fin	ancial statements	Separate finance	cial statements
	Note	2018	2017	2018	<u>2017</u>
Shareholders' equity					
Share capital					
Registered					
1,000 million ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid up					
960 million ordinary shares of Baht 1 each	20				
(2017: 720 million ordinary shares					
of Baht 1 each)		960,000,000	720,000,000	960,000,000	720,000,000
Share premium	20	736,842,515	77,000,000	736,842,515	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	64,300,000	56,300,000	64,300,000	56,300,000
Unappropriated		447,128,488	340,500,236	476,765,448	373,729,959
Other components of shareholders' equity		(18,149,099)	(5,466,118)		
Equity attributable to owners of the Company		2,219,118,729	1,217,330,943	2,266,904,788	1,256,026,784
Non-controlling interests of the subsidiary		3,872,585	5,368,915		
Total shareholders' equity		2,222,991,314	1,222,699,858	2,266,904,788	1,256,026,784
Total liabilities and shareholders' equity		3,824,296,532	3,216,525,228	3,835,140,033	3,219,208,671
		-	-	-	-

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

Directors

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated fin	ancial statements	Separate finance	cial statements
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales		2,423,359,917	2,198,122,246	2,180,741,447	1,955,222,963
Other income		22,146,738	17,110,025	15,446,605	16,208,400
Gain on exchange rate		1,897,107		1,799,512	
Total revenues		2,447,403,762	2,215,232,271	2,197,987,564	1,971,431,363
Expenses					
Cost of sales		1,602,712,500	1,375,030,385	1,484,410,782	1,262,967,640
Selling and distribution expenses		458,245,155	441,635,350	380,009,664	353,298,292
Administrative expenses		172,831,248	219,267,818	129,558,700	181,833,023
Loss on exchange rate		-	6,555,231	-	6,630,006
Total expenses		2,233,788,903	2,042,488,784	1,993,979,146	1,804,728,961
Profit before share of loss from investments in					
joint ventures, finance cost and income tax expenses		213,614,859	172,743,487	204,008,418	166,702,402
Share of loss from investments in joint ventures	12	(3,792,403)	(894,084)	-	
Profit before finance cost and income tax expenses		209,822,456	171,849,403	204,008,418	166,702,402
Finance cost		(57,365,919)	(62,586,186)	(57,340,329)	(62,639,895)
Profit before income tax expenses		152,456,537	109,263,217	146,668,089	104,062,507
Income tax benefits	23	8,813,049	42,245	12,367,400	1,505,697
Profit for the year		161,269,586	109,305,462	159,035,489	105,568,204
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements					
in foreign currency - net of income tax		(12,820,645)	(3,805,891)	-	
Other comprehensive income for the year		(12,820,645)	(3,805,891)	-	
Total comprehensive income for the year		148,448,941	105,499,571	159,035,489	105,568,204

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

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated fin	ancial statements	Separate finan	cial statements
	Note	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:					
Equity holders of the Company		162,628,252	109,579,075	159,035,489	105,568,204
Non-controlling interests of the subsidiary		(1,358,666)	(273,613)		
		161,269,586	109,305,462		
Total comprehensive income attributable to:					
Equity holders of the Company		149,945,271	106,481,527	159,035,489	105,568,204
Non-controlling interests of the subsidiary		(1,496,330)	(981,956)		
		148,448,941	105,499,571		
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.18	0.16	0.17	0.15

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

Chememan Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

•				CC	Consolidated financial statements	ments			
'			Equity	Equity attributable to owners of the Company	the Company				
						Other components of equity			
						Other comprehensive income			
						Exchange differences	Total equity	Equity attributable	
			Capital surplus	Retained earnings	earnings	on translation of	attributable to	to non-controlling	
	Issued and paid-up		on share-based	Appropriated		financial statements	owners of	interests of	
•	share capital	Share premium	payment	- statutory reserve	Unappropriated	in foreign currency	the Company	the subsidiary	Total
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	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
Balance as at 1 January 2018	720,000,000	77,000,000	28,996,825	56,300,000	340,500,236	(5,466,118)	1,217,330,943	5,368,915	1,222,699,858
Profit for the year	•		•	•	162,628,252		162,628,252	(1,358,666)	161,269,586
Other comprehensive income for the year						(12,682,981)	(12,682,981)	(137,664)	(12,820,645)
Total comprehensive income for the year	•		•	•	162,628,252	(12,682,981)	149,945,271	(1,496,330)	148,448,941
Increase share capital (Note 20)	240,000,000	659,842,515	•	•	•	•	899,842,515	•	899,842,515
Interim dividend paid (Note 26)	•	•	•	•	(48,000,000)	•	(48,000,000)	•	(48,000,000)
Transferred unappropriated retained earnings									
to statutory reserve	·	·		8,000,000	(8,000,000)				•
Balance as at 31 December 2018	000'000'096	736,842,515	28,996,825	64,300,000	447,128,488	(18,149,099)	2,219,118,729	3,872,585	2,222,991,314

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

Statement of changes in shareholders' equity (Continued) Chememan Public Company Limited and its subsidiaries For the year ended 31 December 2018

(Unit: Baht)

			Separate financial statements	ial statements		
			Capital surplus	Retained earnings	earnings	
	Issued and paid-up		on share-based	Appropriated		
	share capital	Share premium	payment	- statutory reserve	Unappropriated	Total
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	•	•	ı	•	105,568,204	105,568,204
Increase share capital	70,000,000	77,000,000	ı	•	ı	147,000,000
Interim dividend paid (Note 26)	•	•	ı	1	(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
						•
Balance as at 1 January 2018	720,000,000	77,000,000	28,996,825	56,300,000	373,729,959	1,256,026,784
Total comprehensive income for the year	•	•	ı	•	159,035,489	159,035,489
Increase share capital (Note 20)	240,000,000	659,842,515	1	•	•	899,842,515
Interim dividend paid (Note 26)	•	•	ı	•	(48,000,000)	(48,000,000)
Transferred unappropriated retained earnings						
to statutory reserve		1	•	8,000,000	(8,000,000)	1
Balance as at 31 December 2018	960,000,000	736,842,515	28,996,825	64,300,000	476,765,448	2,266,904,788

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated fin	ancial statements	Separate finan	cial statements
	2018	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	152,456,537	109,263,217	146,668,089	104,062,507
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	187,287,653	160,040,262	179,038,310	154,121,631
Doubtful account	6,497,337	-	-	-
Reduction of inventory to net realisable value	-	389,830	-	-
Loss (gain) on sales of building, equipment and motor vehicle	2,772,922	(1,566,469)	2,762,011	(992,165)
Write-off land, building, equipment and motor vehicle	291,119	5,597,578	291,119	5,597,578
Long-term employee benefits expenses	7,402,850	8,152,960	7,090,831	7,228,838
Unrealised loss on exchange	1,865,857	5,658,132	4,741,324	5,184,102
Unrealised loss on forward contract	9,881	-	9,881	-
Loss on impairment in value of investments in subsidiary	-	-	-	690,465
Share of loss from investments in joint ventures	3,792,403	894,084	-	-
Interest income	(2,730,529)	(2,677,327)	(2,930,848)	(2,940,079)
Interest expenses	57,365,919	60,983,119	57,340,329	61,036,827
Profit from operating activities before				
changes in operating assets and liabilities	417,011,949	346,735,386	395,011,046	333,989,704
Operating assets (increase) decrease				
Trade and other receivables	(31,735,574)	(54,120,821)	(41,752,644)	(33,379,976)
Inventories	(32,553,695)	(26,267,114)	(21,908,580)	(17,726,502)
Accounts receivable under installment sales	2,163,626	2,258,088	2,163,626	2,258,088
Other current assets	4,212,194	(9,476,940)	4,536,468	(9,420,996)
Other non-current assets	224,393	(3,423,154)	15,099	(4,245,793)
Operating liabilities increase (decrease)				
Trade and other payables	16,458,765	26,444,394	27,336,766	18,049,555
Other current liabilities	4,242,463	4,859,691	(1,370,572)	4,737,126
Cash paid for long-term employee benefits	(1,722,140)	(340,030)	(1,722,140)	(340,030)
Other non-current liabilities	(2,897,188)	(2,570,249)	(2,801,676)	(1,959,415)
Cash flows from operating activities	375,404,793	284,099,251	359,507,393	291,961,761
Cash paid for interest expenses	(54,679,203)	(62,173,943)	(54,655,627)	(62,227,652)
Cash paid for income tax	(630,330)	(15,997,519)	(630,247)	(15,997,519)
Cash receipt from withholding tax refundable	-	1,039,839	-	1,039,839
Net cash flows from operating activities	320,095,260	206,967,628	304,221,519	214,776,429

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

Chememan Public Company Limited and its subsidiaries Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Decrease in loan to related party	-	-	-	426,792
Increase in investments in subsidiary company	-	-	-	(2,177,875)
Increase in investments in joint ventures	(101,496,974)	(15,083,016)	(101,496,974)	(15,083,016)
Cash paid for advance payments for				
construction of plant and machinery	(95,956,271)	(6,655,354)	(95,956,271)	(6,655,354)
Acquisition of property, plant and equipment	(485,113,113)	(428,421,181)	(484,436,102)	(427,923,838)
Cash paid for intangible asset	-	(883,637)	-	-
Interest income	2,688,900	4,876,260	2,930,479	5,139,011
Cash receipt from sales of building, equipment				
and motor vehicle	1,935,936	3,639,569	1,934,069	1,949,659
Net cash flows used in investing activities	(677,941,522)	(442,527,359)	(677,024,799)	(444,324,621)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(109,355,104)	(130,091,901)	(109,355,104)	(130,091,901)
Cash paid for liabilities under finance lease agreements	(25,993,103)	(33,811,898)	(25,963,653)	(33,811,898)
Cash receipt from long-term loans	959,440,000	1,220,969,977	959,440,000	1,220,969,977
Repayment of long-term loans	(1,227,189,000)	(857,813,779)	(1,227,189,000)	(857,813,779)
Cash paid for loan front-end fee	(3,250,000)	(6,070,000)	(3,250,000)	(6,070,000)
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)
Repayment of loans from related parties	-	-	-	(9,100,500)
Increase in share capital	921,600,000	147,000,000	921,600,000	147,000,000
Cash paid for direct costs related to share offering	(24,260,080)	-	(24,260,080)	-
Interim dividend paid	(48,000,000)	(100,100,000)	(48,000,000)	(100,100,000)
Net cash flows from financing activities	442,992,713	240,082,399	443,022,163	230,981,899
Decrease in translation adjustments	(4,888,515)	(1,896,859)	-	
Net increase in cash and cash equivalents	80,257,936	2,625,809	70,218,883	1,433,707
Cash and cash equivalents at beginning of year	45,733,670	43,107,861	14,156,688	12,722,981
Cash and cash equivalents at end of year	125,991,606	45,733,670	84,375,571	14,156,688
Cumplemental each flow information	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Transfer advance payments for construction of plant	6 655 354	4 E26 207	6 655 354	A 526 207
and machinery to property, plant and equipment	6,655,354	4,536,297	6,655,354	4,536,297
Increased in accounts payable for purchase fixed asset	22,524,463 7,241,108	63 600 496	22,524,463 6,896,262	63 600 406
Assets acquired under finance lease agreements	7,241,108	63,609,486	0,090,202	63,609,486

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

Chememan Public Company Limited and its subsidiaries Notes to consolidated financial statements

For the year ended 31 December 2018

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.

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

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

		Country of	Percen	tage of
Company's name	Nature of business	incorporation	shareholding	
			<u>2018</u>	<u>2017</u>
			Percent	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,	Vietnam	100.00	100.00
	market study in Vietnam			
	and lime quality assurance			

			Country of	Percen	itage of
Company's name		Nature of business	incorporation	shareholding	
				<u>2018</u>	<u>2017</u>
				Percent	Percent
	Chememan International Pte. Ltd.	Termination	Singapore	-	100.00
	Chememan Lao Company Limited	Manufacturing and	Laos	60.00	60.00
		distribution of lime products			
	Chememan India Private Limited	Market study and strengthen	India	99.99	99.99
		customer base in India			

- The Company is deemed to have control over an investee or subsidiaries if it has b) 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.
- Subsidiaries are fully consolidated, being the date on which the Company obtains c) 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.
- The assets and liabilities in the financial statements of overseas subsidiary e) 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.
- Non-controlling interests represent the portion of profit or loss and net assets of g) 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.

New financial reporting standards 3.

(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 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 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standard and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising
	Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statement when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

Significant accounting policies 4.

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

- Investments in joint ventures are accounted for in the consolidated financial a) statements using the equity method.
- Investments in subsidiaries and joint ventures are accounted for in the separate b) 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 is 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 the ore is calculated from the percentage of units of limestone produced to the estimated total limestone reserves assessed by an independent geologist.

4.9 Intangible assets

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 are depreciated over the useful life of the asset.

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the 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 defined benefits plans are recognised immediately in other comprehensive income.

4.15 Share-based payment

Transfers of the Company's equity instruments by its shareholders to parties (including employees) that have supplied goods or services to the Company are treated as sharebased 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 from selling an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The 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 techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on 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:

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.

Related party transactions 6.

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		
	financial s	financial statements		tatements	Transfer Pricing Policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Transactions with subsidiaries					
(eliminated from the consolidated financial sta	atements)				
Sales of goods	-	-	338	264	Mutual agreed prices
Services expenses	-	-	10	10	Contract price
Transactions with joint venture					
Services income	1	-	-	-	Contract price
Transactions with related company					
(related by common director)					
Services expenses	1	1	1	1	Contract price
Transactions with management and directors					
Sales of fixed asset	-	2	-	2	Mutual agreed prices
Interest expenses	-	6	-	6	5.70% to 11% per annum

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

			(Unit: The	ousand Baht)	
	Consolidated		Sep	arate	
	financial	statements	financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Trade receivables - related party (Note 8)					
Subsidiary	-		95,816	71,302	
Other receivables - related parties (Note 8)					
Subsidiaries	-	-	66	66	
Joint venture	408	-	159	-	
Directors	296		296		
Total other receivables - related parties	704		521	66	
Other payables - related parties (Note 16)					
Subsidiaries	-	-	1,489	1,512	
Related companies (related by common director)	23	40	23	40	
Total other payables - related parties	23	40	1,512	1,552	
Advance receipt - related party (Note 16)					
Subsidiary	-		-	7,272	

Loans to related party

As at 31 December 2018 and 2017, the balance of loan to related party and the movement of such loan to are as follows:

(Unit: Thousand Baht)

		Separate financial statements					
		Unrealised loss					
		31 December	Increase	Decrease	from translation of	31 December	
Long-term loan to related party	Relationship	2017	during the year	during the year	foreign currency	2018	
Northman Company Limited	Subsidiary	4,216			(31)	4,185	
Total		4,216			(31)	4,185	

The long-term loan to Northman Company Limited of USD 0.13 million (2017: 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.

Directors and management's benefits

During the year ended 31 December 2018 and 2017, 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 2018 2017 2017 2018 Short-term employee benefits 93,980 89,235 84,070 78,390 Post-employment benefits 6,121 5,774 6,014 5,599 Total 100,101 95,009 90,084 83,989

7. Cash and cash equivalents

(Unit: Thousand Baht) Consolidated Separate financial statements financial statements 2018 2017 2018 2017 Cash 248 233 230 226 Bank deposits 125,744 45,501 84,146 13,931 Total 45,734 84,376 125,992 14,157

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.04 and 6.75 percent per annum (2017: between 0.04 and 1.53 percent per annum).

8. Trade and other receivables

			(Unit: Tho	usand Baht)	
	Consolidated		Separate		
	financial	statements	financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Trade receivables - related party					
Aged on the basis of due dates					
Not yet due	-		95,816	71,302	
Total trade receivables - related party	-		95,816	71,302	

	Consolidated		Separate	
	financial statements		financial	statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	333,854	292,684	262,272	228,475
Past due				
Up to 3 months	18,559	39,875	7,622	28,984
3 - 6 months	5,233	770	-	10
6 - 12 months	2,145	9	-	
Total trade receivables - unrelated parties	359,791	333,338	269,894	257,469
Less Allowance for doubtful debt expense	(6,497)	-	-	-
Total trade receivables	353,294	333,338	365,710	328,771
Other receivables				
Prepaid expense	5,838	7,564	4,627	5,768
Advance and other receivables - related parties	704	-	521	66
Advance and other receivables - unrelated				
parties	52,458	47,564	48,084	46,940
Total other receivables	59,000	55,128	53,232	52,774
Trade and other receivables	412,294	388,466	418,942	381,545

As at 31 December 2018, the Company has advance payments for goods to a company in Vietnam amounting to Baht 40 million (2017: Baht 42 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 2018, net receivables of the Company under installment sales machine agreements amounted to Baht 49 million (2017: Baht 52 million). The terms of the agreements are generally 10 years and interest is charged at 4.65 percent per annum (2017: 4.65 percent per annum).

(Unit: Thousand Baht)

(Unit: Thousand Baht)

	Consolidated and Separate financial statements							
		20	18			20	17	
	Less than	More than		More than			More than	
	1 year	1 - 5 years	5 years	Total	1 year	1 - 5 years	5 years	Total
Accounts receivable under								
installment sales	7,091	35,467	15,963	58,521	4,541	32,156	26,805	63,502
Unearned interest income	(2,213)	(6,183)	(632)	(9,028)	(2,377)	(7,459)	(1,638)	(11,474)
Accounts receivable under								
installment sales - net	4,878	29,284	15,331	49,493	2,164	24,697	25,167	52,028

10. Inventories

(Unit: Thousand Baht)

Conso	hatchil	financial	statements
COUSO	ucaieci.	mianciai	Statements

			Reduc	e cost to		
	C	ost	net realis	able value	Invento	ries - net
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	120,401	137,421	-	(566)	120,401	136,855
Work in process	1,284	3,095	-	-	1,284	3,095
Raw materials	121,063	82,829	-	-	121,063	82,829
Packing materials	13,734	12,317	-	-	13,734	12,317
Spare parts and factory supplies	40,643	33,700	-	-	40,643	33,700
Goods in transit	15,342	11,117	-		15,342	11,117
Total	312,467	280,479	-	(566)	312,467	279,913

(Unit: Thousand Baht)

Separate financial statements

			Reduce	e cost to		
	C	ost	net realis	able value	Invento	ries - net
	<u>2018</u>	2017	<u>2018</u>	2017	<u>2018</u>	<u>2017</u>
Finished goods	88,470	111,345	-	-	88,470	111,345
Work in process	1,284	3,095	-	-	1,284	3,095
Raw materials	121,063	82,829	-	-	121,063	82,829
Packing materials	13,734	12,317	-	-	13,734	12,317
Spare parts and factory supplies	40,643	33,700	-		40,643	33,700
Total	265,194	243,286	-		265,194	243,286

During the current year, the subsidiary reversed the write-down of cost of inventories by Baht 0.6 million (2017: reduced cost of inventories by Baht 0.4 million, this was included in cost of sales), and reduced the amount of inventories recognised as expenses.

11. Investments in subsidiaries

Company name	Currency	Paid-up ca	pital	Shareholding	percentage	C	ost
		2018	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
				Percent	Percent	Thousand	Thousand
						Baht	Baht
Tubkwang Co., Ltd.	Thousand Baht	1,875	1,875	99.99	99.99	1,875	1,875
(Ceases its operation)							
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.	Thousand USD	-	300	-	100.00	-	9,240
(Termination)							
Chememan Lao Company Limited	Thousand USD	500	500	60.00	60.00	10,742	10,742
Chememan India Private Limited	Thousand						
	Rupee	16,897	16,897	99.99	99.99	8,825	8,825
Total						120,837	130,077
Less: Allowance for impairment in v	alue of investments					-	(1,969)
						120,837	128,108

No dividend was received from the above subsidiary companies during the year ended 31 December 2018 and 2017.

During the year, Chememan International has registered its dissolutions.

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) Consolidated financial statements Nature of Country of Carrying amounts based business Shareholding percentage on equity method Company's name incorporation <u> 2018</u> 2017 2018 2017 <u>2018</u> 2017 (%) (%) Siriman Chemicals Manufacture India 50 30,861 28 30,941 50 India Private Limited and distribute of lime products Easternbulk Lime Manufacture India 50 50 85.719 15.055 80.953 14,189 Products Private and distribute of Limited lime products Less: Translation adjustment (4,064)(336)116,580 15,083 107,830 13,853

(Unit: Thousand Baht) Separate financial statements Shareholding Country of incorporation percentage Cost Company's name Nature of business 2018 <u> 2017</u> <u>2018</u> <u>2017</u> (%) (%) Siriman Chemicals India Manufacture and India 50 50 30,861 28 Private Limited distribute of lime products Easternbulk Lime Products Manufacture and India 50 50 85,719 15,055 Private Limited distribute of lime products Total 116,580 15,083

12.2 Share of gain (loss)

During the year ended 31 December 2018 and 2017, the Company recognised its share of gain (loss) from investments in the joint ventures in the consolidated financial statements as follows:

	(Unit: Tho	usand Baht)
	Consolidat	ed financial
Company's name	state	ments
	<u>2018</u>	<u>2017</u>
Siriman Chemicals India Private Limited	108	(28)
Easternbulk Lime Products Private Limited	(3,900)	(866)
Total	(3,792)	(894)

12.3 Summarised financial information about joint ventures

Summarised information about financial position as at 31 December 2018 and 2017.

			(Unit: 1	Γhousand Baht)
	Siriman Che	emicals India	Easternbulk L	_ime Products
	Private	Limited	Private	Limited
	<u>2018</u>	2017	<u>2018</u>	2017
Cash and cash equivalents	2,939	34	5,408	8,518
Other current assets	29,237	-	35,147	9,982
Plant, property and equipment	32,242	-	115,385	9,787
Trade and other payable	(4,353)	(79)	(4,620)	(2,264)
Other current liabilities	(92)	(92)		(11)
Net assets	59,973	(45)	151,192	26,012
Shareholding portion	50%	50%	50%	50%
Net assets of joint ventures based on				
equity method	29,987	(23)	75,596	13,006
Elimination entry	-	23	1,400	-
Goodwill	-		847	847
Carrying amounts of joint ventures				
based on equity method	29,987		77,843	13,853

Summarised information about profit and loss for the year ended 31 December 2018 and 2017.

			(Unit: The	ousand Baht)
	Siriman (Chemicals	Eastern	bulk Lime
	India Priv	ate Limited	Products Pr	rivate Limited
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest income	331	-	-	-
Administrative expenses	-	(97)	(10,600)	(1,733)
Tax expense	(74)		-	
Gain (loss) for the year	257	(97)	(10,600)	(1,733)

During the current year, the Company made an additional investment in 6.5 million ordinary shares from an increase in share capital of Siriman Chemicals India Private Limited, at a price of INR 10 per share, totaling INR 65 million or equivalent to Baht 31 million. The Company still had a 50% interest in such company.

During the current year, the Company made an additional investment in 750,017 ordinary shares from an increase in share capital of Easternbulk Lime Products Private Limited, at a price of INR 200 per share, totaling INR 150 million or equivalent to Baht 71 million. The Company still had a 50% interest in such company.

Property, plant and equipment ..

(Unit: Thousand Baht)

				Consolidated fin	Consolidated financial statements			
							Assets under	
			Buildings and building	Machinery and	Furniture, fixtures		installation and under	
	Land	Land improvement	improvement	equipment	and office equipment	Motor vehicles	construction	Total
Cost:								
1 January 2017	156,277	107,816	502,165	1,686,268	39,934	198,355	26,167	2,716,982
Additions	22,500	624	1,221	14,739	4,081	64,711	388,691	496,567
Capitalised interest	•	•	•	•		•	3,282	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	•	(69)	•	(1,093)	(11)	(199)	•	(1,368)
31 December 2017	178,777	101,579	536,553	1,741,254	47,088	249,976	316,823	3,172,050
Additions		•	43	13,624	1,998	10,503	450,317	476,485
Capitalised interest	•	•		•		•	3,422	3,422
Transfers	•	4,212	609'06	358,133	12,657	350	(465,955)	•
Disposals/ write-off	•	(78)	(396)	(23,569)	(3,197)	(6,723)	•	(33,933)
Translation adjustment	•	(311)	•	(5,700)	(63)	(661)	(15)	(6,750)
31 December 2018	178,777	105,402	626,833	2,083,742	58,483	253,445	304,592	3,611,274
Accumulated depreciation:								
1 January 2017	•	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)	•	(287)	(6)	(53)	•	(989)
31 December 2017	•	55,167	92,522	605,377	32,630	130,041	•	915,737
Depreciation for the year	•	7,154	28,191	111,591	6,894	24,052	•	177,882
Depreciation on disposals	•	(78)	(178)	(19,267)	(3,121)	(6,289)	•	(28,933)
Translation adjustment	•	(217)	•	(3,248)	(48)	(302)	•	(3,815)
31 December 2018	•	62,026	120,535	694,453	36,355	147,502		1,060,871
Net book value:								
31 December 2017	178,777	46,412	444,031	1,135,877	14,458	119,935	316,823	2,256,313
31 December 2018	178,777	43,376	506,298	1,389,289	22,128	105,943	304,592	2,550,403
Depreciation for the year								

Depreciation for the year 2017 (Baht 144 million included in manufacturing cost, and balance in selling and administrative expenses)

154,292

2018 (Baht 164 million included in manufacturing cost, and balance in selling and administrative expenses)

(Unit: Thousand Baht)

				Separate finan	Separate financial statements			
							Assets under	
			Buildings		Furniture, fixtures		installation	
			and	Machinery	and		and under	
	Land	Land improvement	building improvement	and equipment	office equipment	Motor vehicles	construction	Total
Cost:								
1 January 2017	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
Additions		•	43	13,014	1,930	10,159	450,317	475,463
Capitalised interest	•	•	•	•	•		3,422	3,422
Transfers	•	4,212	609'06	358,066	12,657	350	(465,888)	•
Disposals/write-off	•	(78)	(398)	(23,569)	(3,175)	(6,723)	•	(33,911)
31 December 2018	178,777	102,711	626,833	2,033,953	57,857	247,174	304,524	3,551,829
Accumulated depreciation:								
1 January 2017	•	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	1	(6,026)	(1,141)	(16,504)	(1,968)	(9,311)	1	(34,950)
31 December 2017	•	53,344	92,522	576,272	32,181	127,401	•	881,720
Depreciation for the year		6,629	28,191	107,323	6,810	23,387	•	172,340
Depreciation on disposals	•	(78)	(178)	(19,267)	(3,112)	(6,289)	•	(28,924)
31 December 2018	•	59,895	120,535	664,328	35,879	144,499	•	1,025,136
Net book value:								
31 December 2017	178,777	45,233	444,031	1,110,170	14,264	115,987	316,673	2,225,135
31 December 2018	178,777	42,816	506,298	1,369,625	21,978	102,675	304,524	2,526,693
Denreciation for the year								

Depreciation for the year 2017 (Baht 144 million included in manufacturing cost, and balance in selling and administrative expenses)

148,374 172,340

2018 (Baht 164 million included in manufacturing cost, and balance in selling and administrative expenses)

During the year ended 31 December 2018, the Company capitalised interest amounting to Baht 3 million to the costs of plant, machinery and equipment construction (2017: Baht 3 million). These borrowing costs arose on loans obtained for general purpose and used in these projects, and were determined based on the weighted average interest rates of these loans, at 2.80% to 4.20% per annum.

As at 31 December 2018, the Company and its subsidiary had motor vehicles under finance lease agreements with net book value amounting to Baht 84 million (2017: Baht 112 million) (the Company only: Baht 84 million, 2017: Baht 112 million).

As at 31 December 2018, 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 297 million (2017: Baht 265 million) (The Company only: Baht 293 million, 2017: Baht 260 million).

As at 31 December 2018, the Company has mortgaged its land and structures thereon and machinery with net book value of approximately Baht 1,308 million (2017: Baht 1,271 million) 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 summaried below:

> (Unit: Thousand Baht) Consolidated and Separate financial statements

2018 2017 Total costs 165,032 165,032 Less: Accumulated depletion (64,214)(57,516)Net 100.818 107,516 Depletion for the year 6,698 5,748

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.

Short-term loans from financial institutions 15.

(Unit: Thousand Baht) Consolidated Interest rate and Separate financial statements (percent per annum) 2018 2017 2018 2017 3.85 - 4.20 2.80 - 2.95 154,517 263,872 154,517 263,872

Short-term loans from financial institutions Total

16. Trade and other payables

			(Unit: TI	housand Baht)
	Consc	olidated	Sep	arate
	financial s	statements	financial	statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	138,572	143,196	121,019	143,196
Other payables - related parties	23	40	1,512	1,552
Other payables - unrelated parties	114,333	124,744	113,901	92,890
Accrued expenses - unrelated parties	69,737	61,180	62,582	57,022
Advance receipt - related party	-	-	-	7,272
Advance receipt from customers	859	729	637	482
Total trade and other payables	323,524	329,889	299,651	302,414

17. Liabilities under finance lease agreements

(Unit: Thousand Baht) Consolidated financial Separate financial statement statement <u>2018</u> 2017 2018 2017 90,424 68,853 90,424 Liabilities under finance lease agreements 69,216 Less: Deferred interest expenses (4,631)(7,087)(4,584)(7,087)Total 64,585 83,337 64,269 83,337 Less: Portion due within one year (22, 131)(22,043)(24,410)(24,410)Liabilities under finance lease agreements 42,454 58,927 42,226 58,927 - net of current portion

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

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

(Unit: Thousand Baht)

Consolidated financial statements

		2018			2017	
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease						
payments	24,411	44,805	69,216	27,445	62,979	90,424
Deferred interest expenses	(2,280)	(2,351)	(4,631)	(3,035)	(4,052)	(7,087)
Present value of future						
minimum lease payments	22,131	42,454	64,585	24,410	58,927	83,337

(Unit: Thousand Baht)

Separate financial statements

			•			
		2018			2017	
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease						
payments	24,300	44,553	68,853	27,445	62,979	90,424
Deferred interest expenses	(2,257)	(2,327)	(4,584)	(3,035)	(4,052)	(7,087)
Present value of future						
minimum lease payments	22,043	42,226	64,269	24,410	58,927	83,337

Long-term loans 18.

(Unit: Thousand Baht)

Consolidated and Separate

Credit facilities	Interest rate per annum	financial s	statements
		<u>2018</u>	<u>2017</u>
1) Baht 1,214 million	MLR - Fixed percentage	-	1,214,000
2) Baht 1,300 million	MLR - Fixed percentage	946,251	-
Less: Deferred loan front-end fee		(3,073)	(5,479)
Total		943,178	1,208,521
Less: Portion due within one year		(80,243)	(71,766)
Long-term loans - net of current portion	ו	862,935	1,136,755

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

(Unit: Thousand Baht)

943,178

Consolidated and Separate financial statements Balance as at 1 January 2018 1,208,521 Add: Loan during in period 959,440 Less: Repayment of loan as due date (37,469)Less: Repayment of loan before due date (1,189,720)Less: Deferred loans front-end fee (3,250)Add: Amortisation loans front-end fee 5,656

On 2 April 2018, the Company made early repayment of its long-term loan of Baht 530 million using cash received from Initial Public Offering described in Note 20 to the financial statements.

During the current year, the Company entered into an agreement with a local financial institution granting a new long-term loan of Baht 1,300 million, with the objective of reducing the Company's finance costs and increasing its working capital.

On 27 September 2018, the Company had drawn down the first tranche of the loan of Baht 659 million to repay all outstanding principal and interest of the existing long-term loan. On 24 October 2561, the Company drew down the second tranche of the loan of Baht 300 million.

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

Balance as at 31 December 2018

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Provision for long-term employee					
benefits at beginning of year	57,231 49,437		56,326	49,437	
Current service cost	5,999	6,880	5,687	5,956	
Interest cost	1,404	1,273	1,404	1,273	
Benefits paid during the year	(1,722)	(340)	(1,722)	(340)	
Translation adjustment	(104) (19)		-		
Provision for long-term employee					
benefits at end of year	62,808	57,231	61,695	56,326	

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>2018</u> <u>2017</u>		<u>2018</u>	<u>2017</u>
Cost of sales	3,872	3,947	3,872	3,947
Selling and administrative expenses	3,531	4,206	3,219	3,282
Total expenses recognised in profit or loss	7,403	8,153	7,091	7,229

The Company expect to pay Baht 5.7 million of long-term employee benefits during the next year (2017: Baht 0.5 million).

As at 31 December 2018, the weighted average duration of the long-term employee benefit liabilities is 14 years (2017: 14 years).

Key actuarial assumptions used for the valuation are as follows:

Consolidated and Separate

financial	sta	teme	ents
-----------	-----	------	------

2018	2017
(% per annum)	(% per annum)
3	3
5 - 10	5 - 10

Discount rate Salary increase rate

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 is summarised below:

(Unit: Thousand Baht)

Consolidated and Separate financial statements

20	18	20	17
Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
(3,644)	4,204	(3,499)	4,034
5,656	(4,969)	4,825	(4,251)

Discount rate Salary increase rate

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the last wage rate. This change is considered a postemployment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 7 million (The Company only: Baht 7 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Share capital

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

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

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve 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 2018 2017 2018 2017 Salaries and wages and other employee benefits 369,046 319,980 349,082 300,455 Transportation expenses 468,720 470,277 394,617 386,169 Fuel charge 485,258 455,489 485,258 455,489 Electric expenses 152,212 132,849 151,947 132,539 187,288 160,040 179,038 Depreciation and amortisation 154,122 Raw materials and consumables used 331,286 306,781 331,286 306,781 Changes in inventories of finished goods and work in progress 18,831 (30,396)24,686 (18,453)

23. Income tax

Income tax benefits for the years ended 31 December 2018 and 2017 are made up as follows:

			(Unit: Thou	ısand Baht)
	Conso	lidated	Sepa	arate
	financial s	tatements	financial s	tatements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	2,503	-	2,503	-
Adjustment in respect of income tax				
of previous year	-	1,414	-	1,414
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(11,316)	(1,456)	(14,870)	(2,920)
Income tax benefits reported in the				
statement of comprehensive income	(8,813)	(42)	(12,367)	(1,506)

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

			(Unit: The	ousand Baht)	
	Consolidated		Sep	Separate	
	financial s	tatements	financial statements		
	<u>2018</u>	<u>2017</u>	2018	<u>2017</u>	
Accounting profit before tax	152,457	109,263	146,668	104,063	
Applicable tax rate	17 - 30%	17 - 30%	20%	20%	
Accounting profit before tax multiplied by					
income tax rate	31,455	20,424	29,334	20,813	
Adjustment in respect of income tax of					
previous year	-	1,414	-	1,414	
Share of loss from investments in joint ventures	758	179	-	-	
Deferred tax assets which were not					
recognised during the year	668	1,178	-	-	
Effect of preparing the consolidated					
financial statement	-	407	-	-	
Effects of:					
Promotional privileges (Note 24)	(45,585)	(24,258)	(45,585)	(24,258)	
Non-deductible expenses	1,082	2,053	1,060	1,965	
Additional expense deductions allowed	(83)	(565)	(83)	(565)	
Others	2,892	(874)	2,907	(875)	
Total	(41,694)	(23,644)	(41,701)	(23,733)	
Income tax benefits reported in the					
statement of comprehensive income	(8,813)	(42)	(12,367)	(1,506)	

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

			(Unit: Th	ousand Baht)	
	Consolidated		Sep	Separate	
	financial	statements	financial	statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Deferred tax assets					
Provision for long-term employee benefits	12,893	11,721	12,339	11,265	
Unused tax loss	22,378	14,152	15,897	2,055	
Others	1,962	1,572	-	394	
Total	37,233	27,445	28,236	13,714	
Deferred tax liabilities					
Deferred loan front-end fee	303	651	303	651	
Others	-	14	-		
Total	303	665	303	651	

As at 31 December 2018, the subsidiaries have deductible unused tax losses totaling Baht 11 million (2017: Baht 8 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 Company has unused tax losses amounting to Baht 79 million which expired by 2025.

24. **Promotional privileges**

The Company has received investment promotional privileges form 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)/	1498(2)/	2342(2)/	59-1064-	59-1065-	59-1278-
		2554	2558	2555	1-00-1-0	1-00-1-0	1-00-1-0
2.	The significant privileges are						
	2.1 Exemption of corporate income tax	8 years	6 years	8 years	3 years	3 years	3 years
	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.						
	2.2 A fifty percent reduction of the	Granted	Granted	Granted	Non-	Non-	Non-
	normal rate of corporate income				granted	granted	granted
	tax on net profit from promoted						
	operations for a period of five						
	years after the expiration of the						
	above corporate income tax						
	exemption period.						
3.	Date of first earning operating income	15 February	2 September	Not yet	20 January	Not yet	Not yet
		2013	2016	operate	2018	operate	operate

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

					(Unit: T	housand Baht)	
	Promoted	operations	Non-promot	Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u> <u>2017</u>		<u>2018</u>	<u>2017</u>	
Sales							
Domestic sales	623,387	443,384	335,564	462,693	958,951	906,077	
Export sales	423,370	315,123	798,420	734,023	1,221,790	1,049,146	
Total sales	1,046,757	758,507	1,133,984	1,196,716	2,180,741	1,955,223	

25. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Earnings per share				
Profit for the year (Thousand Baht)	162,628	109,579	159,035	105,568
Weighted average number of ordinary shares				
(Thousand shares)	909,370	688,548	909,370	688,548
Profit attributable to equity holders of the Company				
(Baht per share)	0.18	0.16	0.17	0.15

26. **Dividends**

		Dividends paid	Dividend per share
Dividends	Approved by	(Million Baht)	(Baht)
Interim dividends for the earning	Board of Directors'		
of the promoted operation from	meeting on 12 May		
1 January 2017 to 31 March	2017		
2017 and for the year 2016			
and 2015		100.1	0.77
Total dividend for 2017		100.1	0.77

		Dividends paid	Dividend per share
Dividends	Approved by	(Million Baht)	(Baht)
Interim dividends for the earning	Board of Directors'		
of the promoted operation from	meeting on 7 August		
1 January 2018 to 30 June	2018		
2018		48.0	0.05
Total dividend for 2018		48.0	0.05

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 2018, the Company and its subsidiaries have revenue from one major customer in amount of Baht 348 million, arising from the company which is incorporated in Thailand. (2017: the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues).

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:

							D)	(Unit: Million Baht)
	Geographic segment	s segment	Geographi	Geographic segment			Consolidated	idated
·	located in Thailand	Thailand	located in	located in overseas	Eliminated t	Eliminated transactions	financial statements	tatements
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	1,843	1,691	580	207	1	,	2,423	2,198
Intersegment revenues	338	264	Г	·	(338)	(264)		1
Total revenues	2,181	1,955	580	207	(338)	(264)	2,423	2,198
Segment operating profit (loss)	969	693	126	125	(1)	5	821	823
Unallocated income and expenses:								
Other income							22	17
Selling expenses							(458)	(442)
Administrative expenses							(173)	(219)
Gain (loss) from exchange rate							2	(7)
Share of loss from investments in								
joint ventures							(4)	(1)
Financial cost							(89)	(62)
Income tax income						'	6	'
Profit for the year						'	161	109
							D)	(Unit: Million Baht)
	Geographic segment	c segment	Geographi	Geographic segment			Consolidated	idated
·	located in Thailand	Thailand	located in	located in overseas	Eliminated transactions	ransactions	financial statements	tatements
	2018	2017	2018	2017	2018	2017	2018	2017
Property, plant and equipment	2,526	2,225	24	31	•	ı	2,550	2,256

3,217 961

1,274 3,824

Unallocated assets

Total assets

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5, 10 and 15 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 9.7 million (2017: Baht 7.5 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:

	Consolidated	and Separate
Currency	financial s	tatements
	<u>2018</u>	<u>2017</u>
Million Baht	106.0	89.0
Million EUR	0.3	0.1

2) As at 31 December 2018, the Company had capital commitment amounting to INR 6.4 million (2017: INR 71.4 million) in respect of the uncalled portion of investments in subsidiary and joint venture in India.

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:

			(Uni	t: Million Baht)
	Consc	olidated	Sep	arate
	financial	statements	financial	statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	30.8	23.4	26.5	19.1
In over 1 and up to 5	20.0	17.7	19.8	13.0
years				

- 2) The Company has entered into marketing service agreement with Northman Company Limited whereby the Company is committed to pay service fee amounting VND 225 million per month in the year 2019. 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 2029.
- The Company is committed to make contributions to the funds on the bases and 4) 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.
- The subsidiary entered into agreements with an overseas government agency 5) 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 2018 and 2017, the Company and its subsidiaries have outstanding bank guarantees in respect of certain performance as required in the normal course of business as follows.

		Consc	olidated	Sep	arate
	Currency	financial	statements	financial	statements
		2018	2017	2018	2017
Guarantee tax refund	Million Baht	1.0	4.3	1.0	4.3
Guarantee electricity use	Million Baht	15.7	12.0	15.7	12.0
Guarantee performance and others	Million Baht	10.3	11.5	10.3	11.5
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 and longterm 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 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 2018 and 2017, 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 2018		_
	Fixe	d interest ra	ates				
	Within	1-5	Over	Floating	Non- interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalent	-	-	-	126	-	126	0.04 - 6.75
Trade and other receivables	-	-	-	=	412	412	-
Accounts receivable under							
installment sales	5	29	15			49	4.65
	5	29	15	126	412	587	
Financial liabilities							
Short-term loans from financial							
institutions	155	-	=	=	-	155	2.80 - 2.95
Trade and other payables	-	-	-	-	324	324	-
Liabilities under financial lease							
agreement	22	43	-	-	-	65	2.54 - 8.50
Long-term loans				943		943	3.25
	177	43		943	324	1,487	

(Unit: Million Baht)

Consolidated financial statements

				As at 31 [December 2017		
	Fixe	d interest ra	ates				
	Within	1-5	Over	Floating	Non- interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
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
	2	25	25	46	388	486	
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	<u>-</u>	1,209	4.70
	288	59		1,209	330	1,886	

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate financial statements

				As at 31 [December 2017		
	Fixe	d interest ra	ates				
	Within	1-5	Over	Floating	Non- interest		Effective
	1 year	Years	5 years	interest rate	bearing	Total	interest rate
							(% per annum)
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
	2	25	25	18	382	452	
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
	288	59	-	1,209	302	1,858	

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 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated f	inancial st	tatements
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Foreign currency	Financia	al assets	Financial	liabilities	Average ex	change rate
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 fore	ign currency unit)
USD	6.2	5.6	-	0.2	32.4036	32.6407
JPY	2.9	-	-	-	0.2926	0.2894
INR	0.1	0.1	_	_	0.4597	0.5032

Separate financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 fore	ign currency unit)
USD	6.1	5.5	0.1	0.4	32.4036	32.6407
AUD	4.3	2.9	_	-	22.8023	25.4364
JPY	2.9	-	-	-	0.2926	0.2894
INR	0.1	0.1	-	-	0.4597	0.5032

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

Consolidated and Separate financial statements

			Contractual ex	Contractual	
Foreign currency	Bought amount	Sold amount	Bought	Sold	maturity date
	(Million)	(Million)	(Baht per 1 foreig	n currency unit)	
Euro	0.2	-	37.3050	-	January
					2019

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 2018, the Group's debt-to-equity ratio was 0.72:1 (2017: 1.63:1) and the Company's was 0.69:1 (2017: 1.56:1).

32. Events after the reporting period

- (1) On 9 January 2019 and 1 February 2019, the Company had invested in 100,000 ordinary shares of Easternbulk Lime Products Private Limited, at price of INR 200 per share, totaling INR 20 million or approximate Baht 9 million. The Company still had a 50% interest in such company.
- (2) On 15 January 2019, the Company's Board of Directors Meeting No. 1/2562 approved additional investment of INR 65 million in Chememan India Private Limited ("CMAN INDIA").

In addition, Siriman Chemicals India Private Limited ("SIRIMAN"), a joint venture, plans to issue new shares amount not exceeding INR 130 million. In order to support this planned capital increase the Company plans to restructure its investment in SIRIMAN by allowing CMAN INDIA to take a stake, as follows.

	1				
	Before Capi	tal Increase	After Capital Increase		
	Paid up capital	Shareholding	Paid up capital	Shareholding	
	(Million Rupee)	(%)	(Million Rupee)	(%)	
SANVIRA Group	65	50	130	50	
Company	65	50	65	25	
CMAN INDIA	-	-	65	25	
Total	130	100	260	100	

Following the joint investment of CMAN INDIA made in accordance with the investment restructuring plan, the Company will continue to hold, directly and indirectly, 50% of SIRIMAN's paid up capital.

- (3) On 21 January 2019 the Company entered into a joint agreement with two German companies, namely Bergman Kalk Holding GmbH and Kalkwerke H. Oetelshofen GmbH & Co. KG, to establish a joint venture company in Thailand to develop, manufacture and sell construction materials. The registered capital of the joint venture is Baht 60 million, with the Company to hold 51% of the shares and the two partnerships from Germany to have equal holdings of 24.5% each. On 23 January 2019 the Company incorporated a company named CalMix Company Limited.
- On 27 February 2019, the Company's Board of Directors Meeting passed a resolution to propose for approval by the Annual General Meeting of the Company's shareholders the payment of a dividend of Baht 0.10 per share in respect of the year 2018 operating results, totaling Baht 96 million. The Company paid an interim dividend of Baht 0.05 per share on 5 September 2019, leaving a dividend of Baht 0.05 per share, totaling Baht 48 million, to be paid. Thus, the proposed dividend payment of the Company will depend on the resolution of the Annual General Meeting of shareholders for the year 2019.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2019.

The World's Leading Lime Producer



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