



บริษัท นุ้ยเอ้นเอฟซี จำกัด (มหาชน)



# ANNUAL REPORT 2016



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### **Messages from the Chairman**

In the year 2016, NFC Fertilizer Public Company Limited (the “Company”) has invested in expanding its business by increasing the capital through private placement, for the purpose of purchasing and acceptance the partial business transfer especially in Ammonia and Ammonium Hydroxide the Company was able to manage the cost reduction and get benefit from ammonia and ammonium hydroxide from such direct distribution to end users accordingly. Moreover, the Company developed and set its policies, strategies, and business goals to support its business expansion, and well prepared for the all risk management surrounding, including the cooperation of the Board of Directors, Executives and Employees at all levels, caused NFC Fertilizer Public Company Limited could overcome obstacles throughout the year well and with satisfactory results.

Business goals in the past year, the Company continues to pursue its long-term business policies and plans which the Company changed its business plan from being fertilizer manufacturer to be importer of fertilizer and being Bulk Blending manufacturer for Fertilizer and also being an importer of Ammonia and Sulfuric Acid for domestic distribution, including being as a service provider for Liquid tank farm and port services, that business plan will increase the value of the business to sustainable growth. Also, the company has been more focused on risk management, and that the feasibility study tools of various projects were used for consideration on the investment, which will be helpful to control the risk to a certain limit at an acceptable level.

Finally, I would like to thank all of our valued customers, shareholders, business partners that have consistently supported NFC Fertilizer Public Company Limited. I would also like to thank our management team and staff for always being dedicated to reach their full potentials and make our company stable and sustainable.



Mr. Wisanu Niwesmarintra  
Chairman

### **Audit Committee's Report**

The Audit Committee of NFC Fertilizer Public Company Limited is comprised of 3 honorary independent directors: Assoc.Prof.Dr. Seri Wongmonta being as the Chairman of the Audit Committee, Mrs. Aree Termwattamakdee, and Mr. Sumit Petcharapiratch being as members of the Audit Committee.

During 2016, the Audit Committee convened a total of 9 meetings to perform duties within the scope of responsibilities specified in the Audit Committee Charter that complied with the Stock Exchange of Thailand regulation by emphasis on good corporate governance, Risks management of a significant impact on the organization, and having an effective internal control and internal audit system, that concluded the significant of duty as follows.

1. Review of the financial report: The Audit Committee reviewed the quarterly financial statement and the financial statement for the year 2016 of NFC Fertilizer Public Company Limited and the consolidated financial statements by invite the Auditor to attend each meeting with an agenda of quarterly financial statements and annual financial statements. The Audit Committee questioned the Auditor of the accurateness and completeness of the financial statements, the adequateness of the method of accounting record, and the scope of sufficiently auditing and independent of auditor to ensure that the preparation of the financial statements complies with the statutory requirements and the generally accepted accounting principles, Reliable and timely including an adequate disclosures on the financial statements for the benefits of investors and Financial statement users.
2. Review of the internal control system: The Audit Committee considered the report of evaluating and follow up the progress of the internal control system at the corporate level, and the process level by the EY Corporate Services Limited which is an internal auditor of the Company that monitoring the internal control system with the knowledge and ability and it's opinion that there are no significant issues or defects that may affect the Company's business.
3. Review of the risk Management: The Audit Committee considered the plan and guidelines on risk management which have affected the operations. There were meetings with the management of the Company and recommendations were given for improvement, and quarterly reviewed the significant and risky transactions with auditor to ensure that the Company has an appropriated and effective risk management process.
4. Review of the good governance: The Audit Committee reviewed the performance in accordance with the setting up of working system. The Company business conducts complied with the regulation of the Stock Exchange of Thailand as well as other laws relating to the business operations, especially the related transactions to be ensure that the Company has complied with the normal business conditions appropriately.

5. Supervision of Internal Audit Department: The Audit Committee had reviewed and approved the Audit Committee Charter, the annual audit plan, including suggestions for the implementation of the Internal Audit Department. In order to achieve the plan laid out in accordance with generally accepted standards. Review quarterly audit results, and given the recommendations and follow ups the corrective action taken in the audit report on significant issues to achieve good corporate governance and proper internal control.
6. Consideration of annual auditor's appointment: The Audit Committee considered, nominated, appointed and offered the auditor's remuneration of 2015, by consider the quality of services, the performance's evaluation of the auditor and adequateness of the audit fee.

For the summary of year 2016, the Audit Committee performed duties and responsibilities as stated in the Audit Committee Charter with the knowledge and sufficient independence to monitor the operation of the Company, and provide creatively comments and suggestions to be equally benefit for the stakeholders. The Audit Committee opinioned that the Company has properly and accurately reported financial information in accordance with generally accepted accounting standards, Adequate disclosure, Operation consistent with legal compliance, Commitments related to business operations, including good corporate governance, and the risk management and internal control systems are adequate.



Assoc.Prof.Dr. Seri Wongmonta  
Chairman of the Audit Committee



**Board of Directors**



Mr. Wisanu Niwesmarintra  
Chairman and Independent Director



Mr. Nuttaphob Ratanasuwanthawee  
Vice Chairman and  
Chairman of the Executive Committee



Assoc.Prof.Dr. Seri Wongmonta  
Chairman of the Audit Committee and  
Independent Director



Mr. Sumit Petcharapirat  
Audit Committee and Independent Director



Mrs. Aree Termwattanapakdee  
Audit Committee and Independent Director



Mr. Suppakit Duyapich  
Director and Executive Committee



Mr. Yongyos Palanitisena  
Director and Executive Committee



Mrs. Sunee Sornchaitanasuk  
Director



Mr. Wiboon Rasmeepaisarn  
Director



Mr. Nataphong Ratanasuwanthawee  
Director and Executive Committee



Mrs. Bongkot Rungkornpaisarn  
Director and Executive Committee



Mr. Kijja Smunyahirun  
Director and Executive Committee

## Biography and Experience

### 1. Mr. Wisanu Niwesmarintra (Chairman and Independent Director)

#### Education

Master of Business Administration, Southeastern Oklahoma State University.

Bachelor Degree, Bachelor of Science, Kasetsart University  
Advance Course in management Development Programme, Westpac College.

#### Experiences

2001-2005: Chief Executive Officer of NFC Fertilizer Public Company Limited

1998-2000: Advisor of NFC Fertilizer Public Company Limited

### 2. Mr. Nuttaphob Ratanasuwanthawee (Vice Chairman and Chairman of the Executive Committee)

#### Education

Master Degree, Master of Arts-Political Science, Ramkamhaeng University  
Bachelor Degree, Bachelor of Arts-Political Science, Ramkamhaeng University

#### Diploma

Thai Institute of Directors (IOD)

- Directors Accreditation Program (DAP) 28/2004,
- Directors Certification Program (DCP) 53/2005,
- Financial Statement for Directors 17/2005

#### Current position

2004-present: Managing Director and Chief Executive Officer of NFC Fertilizer Public Company Limited

2004-present: Chief Executive Officer of Rayong Bulk Terminal Co., Ltd.

1985-present: Chairman and Managing Director of SC Group (Logistics Business)

- SC Management Co., Ltd.
- SC Offshore Services Co., Ltd.
- SC Offshore Co., Ltd.
- SCENA Offshore Co., Ltd.
- NP Marine Co., Ltd.
- SC Carrier Co., Ltd.
- NP Marine Logistics Co., Ltd.
- Strategic Port link Co., Ltd.
- SC Auto Logistics Co., Ltd.
- PKR Logistics Co., Ltd.
- SCG Logistics Co., Ltd.
- Chemical and Aromatic (Thailand) Co., Ltd.
- Liquid Gass Supply Co., Ltd.
- SC Corporation Co., Ltd.
- SC Groups Co., Ltd.
- SC Groups Holding Co., Ltd.
- Thai International Dockyard Co., Ltd.
- Neco-Trans Siam Co., Ltd.  
(Formerly AMT-SC (Thailand))
- Thai Pipe Line Network Co., Ltd.
- Roong Natee Co., Ltd.



**3. Assoc.Prof.Dr. Seri Wongmonta (Independent Director and Chairman of the Audit Committee)**

**Education**

Doctorate, Journalism, Southern Illinois University, Carbondale, Illinois, USA  
Master Degree, Master Science in Journalism, Northwestern University Evanston, USA  
Master Degree, Master of Arts for Teachers (English), University of Washington, Seattle, USA  
Bachelor Degree, Bachelor of Arts (Honor) English Literature and Foreign Language, Thammasat University

**Current position**

Current: Chairman of Good Communication Limited Partnership

**Experiences**

2016-present: Acting Dean of College of Management Phayao University, Bangkok Campus  
2008-2016: Lecturer at The Graduate School, Naresuan University

**4. Mr. Sumit Petcharapirat (Independent Director and Audit Committee)**

**Education**

Bachelor of Engineering of Chiang Mai University  
Master of Business Administration of National Institute of Development Administration

**Current position**

1988-present: Managing Director of Chairatchakarn (Bangkok) Company Limited and Toyota Chairatchakarn Company Limited  
2005-2007: Vice President of Academic Department, Business Administration Alumni Association of National Institute of Development Administration  
2007-2009: Vice President of Administration Department, Business Administration Alumni Association of National Institute of Development Administration  
2009-2011: President of Business Administration Alumni Association of National Institute of Development Administration  
2009-2011: Director of Business Administration Alumni Association of National Institute of Development Administration  
2009-2013: Director of Business Incubator of National Institute of Development Administration  
2011-2013: Vice President of Business Administration Alumni Association of National Institute of Development Administration  
2014: Director of Engineering Alumni Association, Chiang Mai University  
2009-present: Director of Center of Enhancing Competitiveness, National Institute of Development Administration  
2009-present: Honorary Board of Business Administration, National Institute of Development Administration  
2011-present: Director of Research Ethics, Huachiew Chalermprakiet University  
2011-present: Executive Committee of Business Administration Faculty, Rajamangala University of Technology Krungthep  
2013-present: President of Alumni Association, National Institute of Development Administration  
2013-present: Director of Right-Livelihoods Foundation  
2013-present: Conciliator of Provincial Court, Samutprakarn Province

**5. Mrs. Aree Termwattanapakdee**

**(Independent Director and Audit Committee)**

**Education**

Master Degree / Master of Business Administration from Chulalongkorn University

Bachelor Degree / Bachelor of Business Administration in Accounting from Ramkamhaeng University

**Diploma**

Senior Executive Program of the Capital Market Academy (CMA) Class 1

Thai Institute of Directors

Company Secretary Program (CSP)

Audit committee Program (ACP)

Effective Minute Taking (EMT)

Board Reporting Program (BRP)

Training the Trainer from Anti-Money

Monitoring Fraud Risk Management (MFM)

Monitoring the system of Internal Control and Risk

Management (MIR)

Anti Corruption: The practical Guide (ACPG)

Director Accreditation Program (DAP)

Laundering office of Anti-Money Laundering Office (AMLO)

**Current position**

2014-present: Independent Director and Audit Committee of Bangkok Terminal Public Company Limited

2009-present: Senior Executive Director Head of Compliance

Director Head of Compliance & Internal Audit Department

and secretary of the Audit Committee and Risk Management

and secretary of Good Governance Committee and

Recruitment of SEAMICO SECURITIES Public Company

Limited

**Experiences**

1994-1998: Senior Vice President, the Internal Audit &

Compliance Officer of CATHAY CAPITAL Company Limited

**6. Mr. Suppakit Duyapich**

**(Director and Executive Committee)**

**Education**

Bachelor Degree / Bachelor of Accounting, Thammasat University

Bachelor Degree of Faculty of Law, Thammasat University

**Current Position**

Retired civil servant (Retirement on 1 October 2005)

Director and Member of Executive Committee of NFC

Fertilizer Public Company Limited

**Experiences**

1966-1969: Third Accountant of the Customs Department

1969- 1982: Third and Second Customs Inspector of the Suppression Division

1982-1983: Legal Officer 6 of Affairs Division

1983-1985: Head of Bonded Warehouse of Duty Return and Export Promotion Division

1985-1989: Personnel 7 of Officer Division

1989-1990: Director of Finance Division of the Customs Department

1990-1997: Director of Duty Return- 2005: Deputy Director-General of the Customs Department

## **7. Mr. Yongyos Palanitisena**

### **(Director and Executive Committee)**

#### **Education**

Master Degree of Business Administration, Central State University, Oklahoma USA

Bachelor Degree of Accounting, Chulalongkorn University

#### **Diploma**

Director Accreditation Program (DAP) of Thai Institute of Directors (IOD)

#### **Current position**

Director Rayong Bulk Terminal Company Limited

Adviser of the Board of Directors of Sahathai Terminal Company Limited

Adviser of Stake International Bangkok Company Limited

Director and Chairman of the Audit Committee of Phatara House and Property Public Company Limited

#### **Experiences**

2013-2015: Director and Executive Director, Bangpakong Terminal Public Company Limited

## **8. Mrs. Sunee Sornchaitanasuk (Director)**

#### **Education**

Doctor of Philosophy (Communication Management), Dissertation of Suan Dusit University

Master Degree (Industrial Business) of King Mongkut's Institute of Technology

Bachelor Degree of Accounting, Thammasat University

#### **Diploma**

Thammasat Leadership Program (TLP) Class 1

Diploma, National Defence College, The Joint State - Private

Sector Course Class 24, National Defence Studie Institute

Senior Executive Program of the Capital Market Academy (CMA) Class 11

Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives Class 10 of King Prajadhipok's Institute

Certified Public Accountant (Thailand) with Certified Public Accountant No. 3733

Thai Institute of Directors

Director Diploma Examination 18/2005 (Fellow member)

Director Certification Program 53/2005(DCP)

Audit Committee Program 5/2005 (ACP)

Directors Certification Program DCP 66-67/2005

Director Accreditation Program 28/2004 (DAP)

#### **Current position**

Chief Executive Officer, AMC Medical Center Co., Ltd.

Chairman of the Audit Committee, Siam City Cement Public Company Limited

#### **Experiences**

2010-2013: Chief Executive Officer, Health Trading (Thailand) Co., Ltd.

2007-2015: Chairman of Nomination and Remuneration Committee / Audit Committee of EMC Public Limited

2004-2013: Director/Managing Director of Dmed hearing Center Company Limited

2004-2013: Director/Managing Director of Dusit Med Company Limited

## 9. Mr. Wiboon Rasmeepaisarn (Director)

### Education

Master Degree (Business Administration), Thammasat University (M.B.A.)

Bachelor Degree (Accounting), Chulalongkorn University (B.A., Accounting)

### Current Position

Managing Director of Warach Paisarn Company Limited  
Member of Executive committee of Eltek Power (Thailand) Company Limited

Audit Committee Member / Risk Management Committee

Member of Nomination and Remuneration Committee

Member of Ananda Development Property Public Company Limited

Member of Executive Committee of Eltek Valere (Thailand) Company Limited

### Experience

2011-2015: Director of Thai Herb Recipe Company limited.

## 10. Mr. Nataphong Ratanasuwanthawee (Director and Executive Committee)

### Education

Bachelor Degree, Public Administration, Ramkamhaeng University

### Current position

2015 – Present Executive Vice President (Commercial and Opearation) NFC Fertilizer Public Company Limited

2014 -2015 Senior Vice President – Business Development and Joint Venture SC Group

2009 –Present Director of SC Group

- SC Carrier Company Limited
- SC Management Company Limited
- SC Group Company Limited
- SC Group Holding Company Limited
- SC Corporation Company Limited
- SCG Logistics Company Limited
- Chemical and Aromatic (Thailand) Company Limited
- NP Marine Logistics Company Limited
- SC Offshore Service Company Limited
- Thai International Dockyard Company Limited
- SC Auto Logistics Company Limited
- PKR Logistics Company Limited
- Strategic Portlink Company Limited
- Liquid Gas Supply Company Limited

2009 – March 2017 Director of NP Marine Company Limited

### Experiences

SC Group

2012-2013: Vice President of Business Development and Joint Venture

2009-2012: Vice President of NGV Business and Vice President of Logistics Management information System

**11. Mrs. Bongkot Rungkornpaisarn (Director and Executive Committee)**

**Education**

Master Degree, Master of Business Administration,  
Chulalongkorn University

Bachelor Degree of Accounting, Chulalongkorn University

**Current Position**

Executive Vice President (Finance and Corporate Affairs) of  
NFC Fertilizer Public Company Limited

Executive Vice President (Corporate Affairs) of SC Group

**Experience**

2013- 2016 Director of Bangpakong Terminal Public  
Company Limited

2013 – 2015 Chief Executive Officer of Bangpakong  
Terminal Public Company Limited

1996- 2015 Executive Vice President ( Finance and  
Corporate Affairs) of SC Group (Logistics Business)

- NP Marine Company Limited
- SC Carrier Company Limited
- Liquid Gas Supply Company Limited
- SC Management Company Limited
- Roong Natee Company Limited
- Chemical and Aromatic (Thailand) Company Limited
- SC Offshore Company Limited
- SC Logistics Company Limited

**12. Mr. Kijja Smunyahirun (Director and Executive Committee)**

**Education**

Bachelor Degree of Accounting, Bangkok University

**Diploma**

Director Accreditation Program (DAP) of Thai Institute of  
Directors (IOD) (DAP 112/2014)

**Current Position**

Senior Vice President (Corporate Affairs) of NFC Fertilizer  
Public Company Limited

Senior Vice President (Human Resource) of SC Group

**Experience**

2013 – 2015 Director, Bangpakong Terminal Public  
Company Limited

## General Information

Company's name	:	NFC Fertilizer Public Company Limited
Company's name in English	:	NFC Fertilizer Public Company Limited
Abbreviation	:	NFC
Registration number	:	0107538000495 (formerly, BorMorJor.572)
Registered capital	:	1,359,791,320 Baht
Paid up capital	:	1,359,791,320 Baht
Type of business	:	1. Manufacturing and distribution of chemical products 2. Services Currently classified in "listed companies in the REHABCO (Rehabilitation) sector"
Company Head Office's Address at the present time	:	No. 88 SC Group Tower 3 <sup>th</sup> floor, The Park Land Road, (Bangna-Trad KM.5), Bangna Sub-District, Bangna District, Bangkok. Tel. (02) 348-0580-6 Fax. (02) 348-0578-9
Factory and Warehouse 's address	:	No.2 MapTaPhut Industrial Estate, I-2 road, MapTaPhut Sub-District, Mueang Rayong District, Rayong Province 21150 Tel. (038) 683-641 Fax. (038) 683-643  No. 9/25 Mu 4, BuengYitho Sub-District, Thanyaburi District, Pathumthani.  No. 105/10 Mu 2, Surath-Phaknum, Bangkung Sub-District, Mueang Suraththani District, Suraththani
Website	:	<a href="http://www.nfc.co.th">www.nfc.co.th</a>
Registrar	:	Thailand Securities Depository Company Limited 93 Ratchadaphisek road, Dindaeng Sub-District, Dindaeng District, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991
Auditor	:	Ms. Kanyanat Sriratchatchaval Grant Thornton Company Limited No. 87/1 18 <sup>th</sup> floor, Capital Tower All Season Place, Lumpini, Pathumwan, Bangkok 10330 Tel. (02) 205-8222 Fax. (02) 654-3339

### **Policy and Overview of Business Operations**

NFC Fertilizer Public Company Limited (“the Company”) was first established under the name of National Fertilizer Company Limited on 11 November 1982 (under a national fertilizer project of a government sector). It was a joint investment between the government sector and a private sector for manufacturing purpose of bulk blending fertilizers replacing chemical fertilizers imported from overseas. The Company is located at Map Ta Phut Industrial Estate, Rayong Province with initially registered capital in the amount of 50 million Baht and, consequently, has been promoted by the Board of Investment (BOI).

Latterly, in January 1993, the Company began to sell fertilizers to the market by import of prefabricated chemical fertilizers under the trademark of “National Fertilizer” in order to create a market base at the beginning before the Company was manufacturing and distributing the products made from the Company’s factory. The Company submitted the Ministry of Commerce to increase its registered capital from 2,250 million Baht to be 4,000 million Baht on October 13, 1995 and has been transformed into a public limited company under the name of National Fertilizer Public Company Limited then has been listed in the Stock Exchange of Thailand from 26 August 1996.

In 1997, the Company faced financial problem due to a lack of liquidity that resulted from the Baht devaluation of Thailand's currency and, in the meantime, depression did arise to all countries over the world since 1998 onwards. While, the Company had begun its factory’s construction in 1995 and such construction had a completion schedule in April 1997, but the Company’s contractor performed the construction in delay and was unable to deliver the work within the contractual deadline. Until the government announced the Baht devaluation which impacted the Company costs and expenses of the operating performance being continuously loss. Until the Company entered into the business rehabilitation proceedings of the Central Bankruptcy Court on 2003.

In 2004, The Company has restructured its capital structure and debt restructuring as set in the rehabilitation plan, which Mr. Nuttaphob Ratanasuwanthawee as a major shareholder of the Company at that time after the capital restructuring and debt restructuring. The company changed its name from National Fertilizer Public Company Limited to NFC Fertilizer Public Company Limited, and the Company’s business rehabilitation achieved the plan on September 2004.

In 2005, the Company began face a problem of depreciated condition of the machinery, and the products made from the factory had no consistent quality, lack of working capital to invest for repair the major machinery. The company stopped producing chemical fertilizer from the main machinery temporarily in early 2006 and go through the rehabilitation process again in 2008.

On 28 January 2009, the Central Bankruptcy Court ordered to NFC Fertilizer Public Company Limited to be under the business rehabilitation and appointed NFC Fertilizer Public Company Limited to be the Business Rehabilitation Planner. However, some creditors filed their objections to the Central Bankruptcy Court’s order to the Supreme Court.

On July 7, 2010, the Central Bankruptcy Court ordered to approve the said business rehabilitation plan and appointed the Company to be the Plan Administrator which the Company has restructured its capital by reducing the par value from Baht 1 per share to Baht 0.16 per share and repayment by debt to equity



conversion with creditors of Group 2, Group 3 and Group 4 repay partial debts to some of the reorganization plans for creditors as set out in the plan.

On November 3, 2015, the Supreme Court ordered the Company's rehabilitation petition, as some creditors have filed their objection to the Supreme Court since 2009.

In December 2015, the Company sold shares to private placement in the amount of Baht 340,000,000 to repay the debt to the creditors under the debt restructuring agreement. The company's paid-up capital changed to Baht 1,076,894,322.40.

In 2016, the Company issued shares to private placement to pay for the acquisition and partial transfer of some business from Chemical and Aromatics (Thailand) Co., Ltd. ("C&A") and to register the change of paid-up capital Baht 282,896,997.60, resulting in paid-up capital changed to Baht 1,359,791,320 and registered the change of par value from Baht 0.16 per share to Baht 0.50 per share in June 2016.

### **Vision, objectives, goals or strategies of the Company's operations**

From the past, the company is a manufacturer of chemical fertilizer from basic raw materials will be transformed into the import of chemical fertilizer and Bulk Blending Fertilizer as well as the importer of chemicals such as Ammonia and Sulfuric acid for distribute in domestic also provides logistics and warehousing services.

The Company has strategies for business plan operations as follows:

#### **1.1 Production and distribution of chemicals**

1. Sale of chemicals such as Ammonia and Sulfuric acid.
2. Production and distribution of finished chemical fertilizer, ncluding outgrowth products.

#### **1.2 Services**

1. Warehouse services.
2. Port services
3. Liquid Tank farm services
4. Serving yard or demolish steel structures and piping systems.

### **Major changes and developments**

Over the past five years, the company has the significant changes and developments related to the Shareholding Structure, Management and business operations as follows:

- On March 10, 2011, the Stock Exchange of Thailand (SET) announced the NFC as a non-performing group (NPG) first phase.
- On November 21, 2011, the Company, as a major shareholder of Rayong Bulk Terminal Co., Ltd. ("the subsidiary") filed a lawsuit. The Industrial Estate Authority of Thailand ("IEAT") found fault with the offense to call for damages in case IEAT to terminate co-operation agreement for development of port with the subsidiary, the company also informed the subsidiary to deliver the possession of the berth.
- On March 12, 2012, the Stock Exchange of Thailand (SET) announced the NFC as a non-performing group (NPG) second phase.
- On June 21-29, 2012, the Company as the Plan Administrator transferred 5 land plots of land to the Group 5 creditors as specified in the rehabilitation plan.

- On August 2, 2012, Thai Asset Management Corporation transferred claims arising from mortgage guarantees, pledges and all other rights or obligations to Thai Asset Management Corporation pursuant to the assignment agreement dated August 1, 2012. Re-organization and acquisition of shares in the Thai Asset Management Corporation were transferred to Sukhumvit Asset Management Co., Ltd.
- November 1, 2012, the Industrial Estate Authority of Thailand temporarily allowed the customers of Rayong Bulk Terminal Co., Ltd. using the company's port service for a period of 1 year to solve the problem of cargo traffic congestion at MapTaPhut Port in accordance with government policy.
- March 12, 2013 the Stock Exchange of Thailand (SET) announced the NFC as a non-performing group (NPG) second phase 3, which expired by March 12, 2014, and the Company requested for an extension of the resolution period for a further one year in accordance with the criteria of the Stock Exchange of Thailand.
- On November 1, 2013, the Industrial Estate Authority of Thailand (IEAT) extended the term of service to customers of Rayong Bulk Terminal Co., Ltd. for a one-year temporary berth to solve the problem of cargo traffic congestion at MapTaPhut Port, and date ended on November 1, 2014.
- On January 29, 2014, the Stock Exchange of Thailand would like to notify the Stock Exchange of Thailand of the resolutions of the SET and the listed companies whose operations or financial status may be withdrawn for the third phase and informed the Company to submit resume trade letter or request for extension of the rehabilitation period to rectify the cause of the delisting, along with submitted the Financial Statement for the year 2013 which had already audited from certified auditor including notification or supported information for consideration of the request of the Company for the Stock Exchange to consider the request by March 31, 2014.
- On March 27, 2014, the Company sent a letter requesting an extension of the rehabilitation period to resolve the issue may be revoked and submit the report of the Auditor and the financial statements of the Company and its subsidiaries for the year ended December 31, 2013 and the rehabilitation plan of the company to inform that the Company had not been able to qualify for the delisting according to the SET's rules within March 31, 2014. However, the Company has qualified in accordance with the criteria for extension of business rehabilitation.
- April 4, 2014, The Stock Exchange of Thailand sent a letter notifying the non-extension of business rehabilitation and delisting of the Company's and ordinary shares of the Company would be revoke from SET, and gave the opinion that the consolidated financial statements for the year 2013 ended March 31, 2013, which have been audited by the auditor, also reported that the shareholders' equity was lower than zero and net loss from operation. The Company also did not offer a clear solution for the revocation. Therefore, it does not fully meet the criteria for extending the time for resolving the cause of the delisting. Therefore, it is necessary to propose to the Securities and Exchange Commission to consider the delisting of the Company's ordinary shares from the Stock Exchange of Thailand. If the Company has any additional facts or documents that may affect the SET's consideration, by clarify the facts and submit the evidence to the SET for new consideration.
- On April 22, 2014, the Company requested the extension of business rehabilitation to rectify the situation may be revoked again by explaining more information about the causes that could not be fulfilled to qualify for the delisting from the SET. However, the Company has made full efforts to rectify

the grounds for delisting according to the SET's criteria, but there were other external factors as mentioned above. The company could not control as a result, the operating loss and shareholders' equity of the consolidated financial statements for the year ended December 31, 2013 were lower than zero, however expectation to be able to proceed with the sale of leasehold rights to certain projects and profit from debt restructuring under rehabilitation plan. This will result in a positive portion of shareholders in the consolidated financial statements for the third quarter of 2014. Therefore, the Stock Exchange of Thailand It also approved the extension of the rehabilitation period to 1 year to rectify the situation.

- June 6, 2014, the Stock Exchange of Thailand has issued a letter to inform about the delisting of the Company's ordinary shares from the SET, by the company had the guidelines and progress in resolving the cause of the withdrawal clearly. It also intends and tried to resolve the cause of revocation continuously, therefore, it was advisable to provide time to rectify the cause of the delisting until March 31, 2015. The Company must prepare and submit the progress report to rectify the cause of the delisting and submit the financial statements to the SET on a quarterly basis. File an application for the revocation and submission of the audited financial statements for the year 2014, including statements or supporting supporting documentation which benefits for consideration within March 31, 2015.
- On June 19, 2014, the Company had a letter to the Stock Exchange of Thailand acknowledging the time to rectify the cause of delisting of the Company's ordinary shares from the Stock Exchange of Thailand.
- On October 15, 2014, the Industrial Estate Authority of Thailand (IEAT) extended its customer service to Rayong Bulk Terminal Co., Ltd. for a one-year temporary berth to solve the problem of cargo traffic at MapTaPhut Port, dated Ended September 30, 2015.
- On January 22, 2015, the SET has a letter informing the SET of its actions to the listed companies whose operations or financial positions may be withdrawn and the time for resolving the delisting. It is stated that the deadline for resolving the revocation has been reached. Requesting for an expiration of the reason for revocation, stating the reasons or supporting information showing that the financial position and performance of the Company have been withdrawn, and submit the audited financial statements for the year 2014 to the SET for consideration within March 31, 2015.
- On February 18, 2015, the Company filed for additional business in the Tank Farm with the Industrial Estate Authority of Thailand.
- On February 23, 2015, NFC applied for the Module Assembly Yard business with the Industrial Estate Authority of Thailand
- On March 23 and 30, 2015, the Company requested for an extension of the resolution period for a further one year because the Company was in the process of filing an extension of the rehabilitation request with the Central Bankruptcy Court for another year. Time for the company to rectify the withdrawal for a further one year until March 31, 2019, in order to comply with the business rehabilitation plan and business plan of the company.
- On April 8, 2015, the SET has a letter informing the SET of its actions to listed companies whose operations or financial positions are subject to possible delisting and the time for resolving the delisting. The information provided by the company on March 23 and March 30 is unclear to illustrate

the Company's approach to resolving the delisting. The Board of Directors of the Stock Exchange of Thailand is required to consider the delisting of the Company's ordinary shares. If there is any fact or additional evidence that may affect the SET's operation, the Company shall clarify the facts and submit the documents to SET within April 29, 2015.

- On April 29, 2015, the Company has requested to extend the resolution period for the revocation of not less than 1 year to clarify the issues. Progress in the court process and timing of the business plan execution, and period for revocation of auditor did not express an opinion on the Company's financial statements from 2007 to 2014 and the Company's plan to proceed. The Company was fully qualified and able to withdraw from the revocation and return to normal trading within March 31, 2016, as requested by the Company.
- On May 27, 2015, the Company submitted additional information to the Stock Exchange of Thailand to present progress in various areas, and the way to resolve the shareholders' equity was positive and the operating results are consistently profitable.
- On June 22, 2015, the Stock Exchange of Thailand requested the company to clarify the fact of the delisting of the Company's ordinary shares from the Stock Exchange of Thailand and submit relevant documents again by July 7, 2015.
- On June 23, 2015, the Industrial Estate Authority of Thailand (IEAT) allowed the Company to use the land in accordance with the land lease agreement for additional industrial business as the Company filed a petition for its operation other than the production and distribution of chemical fertilizer for its intended original purpose.
- On July 7, 2015, the Company has clarified the fact that the Company was delisted from the Stock Exchange of Thailand and submitted the relevant documents to the Stock Exchange of Thailand as well as reports on the progress of the business rehabilitation of the company.
- August 3, 2015 SET urged the Company to expedite the qualification for the delisting of the Company within the time prescribed by the SET. The Company is required to submit a request for the delisting and submission of the audited financial statements for the fiscal year 2015 including statements or supporting documents that are beneficial for the consideration of the request of the Company to be used as the information for the consideration of the application by March 31, 2019 and request the Company to acknowledge and agree to comply with the conditions. Give more time to rectify the cause of the delisting. And return to the stock market by August 17, 2015.
- On November 3, 2015, the Supreme Court ordered the company's rehabilitation. This is due to the fact that some creditors have lodged a petition against the bankruptcy court order to the Supreme Court since 2009.
- On December 21, 2015, the Extraordinary General Meeting of the Shareholders passed a resolution approving the Company to increase its registered capital to Private Placement amounting to Baht 340 million, by issued 2,125,000,000 shares at a par value of Baht 0.16 per share, and approved the allotment of 2 new shares to the investors, with the terms of the capital increase being Inter Inter Spec Gobal Co., Ltd. amount of 1,375,000 shares at a price of 0.16 Baht and Mr. Pittayakorn Naothaworn amount of 750,000,000 shares at Baht 0.16 per share.
- On December 25, 2015, the Company received Baht 340 million from the capital increase.

- On 28 December 2015, the Company registered the increase of paid-up registered capital of Baht 1,076,894,322.40, divided into 6,730,589,515 shares at Baht 0.16 per share.
- On December 28, 2015 and December 30, 2015, the Company has made repayment under the rehabilitation plan to creditors Group 1, Group 2, Group 4, Group 5, Group 7 and Group 3 of creditors were in the process of coordinating with government agencies. In addition, after debt repayment, the Company still had some outstanding debts which the Company had agreed with the creditor that the Company will repay the debt by the way of delivery of goods and / or services until the completion of the debt.
- On April 29, 2016, the Ordinary General Meeting of Shareholders resolved to approve the Company to proceed as follows:
- Increased capital to Private Placement of Baht 282.90 million by issuing ordinary shares, approximately 1,768,106,235 shares at a par value of Baht 0.16 per share, and the share allotment will be approved to Chemical and Aromatics (Thailand) Co., Ltd. ("C&A") for the distribution of acquisition and partial transfer from C&A on business of ammonia and ammonium hydroxide.
- Change in par value from Baht 0.16 per share to Baht 0.50.
- On June 1, 2016, the Company purchased and accepted the partial business transfer from the business related to the distribution of ammonia and ammonium hydroxide from C&A.
- On June 2, 2016, the Company had allocated 1,768,106,235 new ordinary shares at a par value of Baht 0.16 per share, totaling Baht 282.90 million, and registered the paid-up capital of Baht 1,359,791,320, divided into 8,498,695,750 shares. 0.16 baht
- On June 10, 2016, the Company changed the par value from Baht 0.16 per share to Baht 0.50 per share, resulting in a change in share capital from Baht 0.16 per share 8,498,695,750 shares to 2,719,582,640 shares
- On 29 July 2016, Tender Offer of Mr. Nuttaphob Ratanasuwanthawee and C&A, as a related party had ended. The purchased securities totally 2,731,344 shares, resulting in a shareholding structure after the capital increase as follows:

## NFC Fertilizer Public Company Limited

## Share's Holder structure

Unit : share / Baht

Name of Share Holder	56-1 Report As at Dec. 31, 2015 (Par Baht 0.16)		After Allotment*** As at Jun. 30, 2016 (Par Baht 0.50)		After Tender Offer**** As at Oct. 5, 2016 (Par Baht 0.50)	
	Amount of Share	%	Amount of Share	%	Amount of Share	%
<b>1. Mr. Nuttaphob Ratanasuwanthawee 's Group</b>	3,068,805,014	45.59%	1,515,810,335	55.74%	1,518,541,679	55.84%
1.1 Mr. Nuttaphob Ratanasuwanthawee	2,968,805,014	44.11%	950,016,339	34.93%	952,747,683	35.03%
1.2 SC Carrier Co., Ltd.*	100,000,000	1.49%	-	-	-	-
1.3 Chemical & Aromatic (Thailand) Co., Ltd.	-	-	565,793,996	20.80%	565,793,996	20.80%
<b>2. Thai Asset Management Corporation **</b>	648,343,448	9.63%	-	-	-	-
<b>3. Inter Spec Global Company Limited</b>	1,375,000,000	20.43%	440,000,000	16.18%	440,000,000	16.18%
<b>4. Mr. Pittayakorn Naothaworn</b>	750,000,000	11.14%	240,000,000	8.82%	240,000,000	8.82%
<b>5. Chatpimolkul Family</b>	243,166,650	3.61%	77,813,328	2.86%	77,813,328	2.86%
5.1 Mr. Direk Chatpimolkul	104,000,000	1.55%	33,280,000	1.22%	33,280,000	1.22%
5.2 Mr. Somkiat Chatpimolkul	50,000,000	0.74%	16,000,000	0.59%	16,000,000	0.59%
5.3 Mr. Somchai Chatpimolkul	50,000,000	0.74%	16,000,000	0.59%	16,000,000	0.59%
5.4 Ms. Apinya Chatpimolkul	39,166,650	0.58%	12,533,328	0.46%	12,533,328	0.46%
6. Mr. Archavee Aungsumrat	128,000,000	1.90%	30,400,000	1.12%	44,909,904	1.65%
7. Mr. Wichai Thongtang	200,000,000	2.97%	64,000,000	2.35%	64,000,000	2.35%
8. Chaiyakolyhamdee Family	120,000,000	1.78%	38,400,000	1.41%	38,400,000	1.41%
8.1 Mr. Tanit Chaiyakolyhamdee	84,000,000	1.25%	26,880,000	0.99%	26,880,000	0.99%
8.2 Mr. Wichai Chaiyakolyhamdee	20,000,000	0.30%	6,400,000	0.24%	6,400,000	0.24%
8.3 Mrs. Tapana Chaiyakolyhamdee	16,000,000	0.24%	5,120,000	0.19%	5,120,000	0.19%
9. Miss Rapatporn Trongwongsa	-	-	25,600,000	0.94%	25,600,000	0.94%
10. Mr. Chaianant Chaivanitnant	50,000,000	0.74%	16,000,000	0.59%	16,000,000	0.59%
11. Mr. Suchart Areekul	116,048,541	1.72%	8,655,534	0.32%	8,655,534	0.32%
12. Thailand Securities Depository Co., Ltd.	-	-	247,720,485	9.11%	2,577,975	0.09%
13. Other Minor shareholders	31,225,862	0.46%	15,182,958	0.56%	243,084,220	8.94%
<b>Total</b>	<b>6,730,589,515</b>	<b>100.00%</b>	<b>2,719,582,640</b>	<b>100.00%</b>	<b>2,719,582,640</b>	<b>100.00%</b>

Note:

\* Sold to other minority shareholders on April 21, 2016 as Form 246-2.

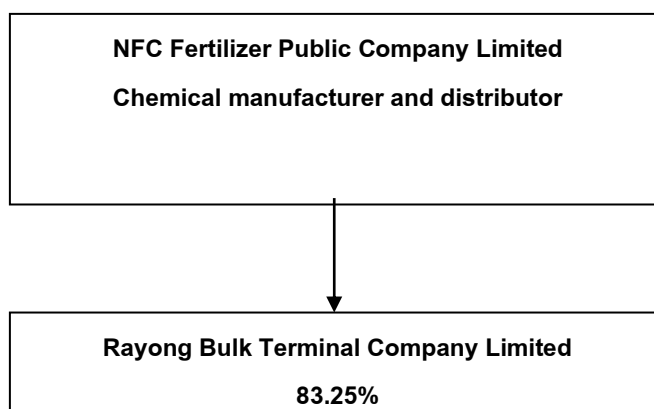
\*\* Transferred to Sukhumvit Asset Management Co., Ltd.

\*\*\*After the allotment of new ordinary shares to Chemical &amp; Aromatics (Thailand) Co., Ltd.

\*\*\*\*The Offeror is Mr. Nuttaphob Ratanasuwanthawee and Chemical &amp; Aromatics (Thailand) Co., Ltd.

## Shareholding Structure of the Group

The Company has one subsidiary company, Rayong Bulk Terminal Company Limited, which is engaged in the business of pier area and warehouses with shareholding ratio as follows:



**Relationship with the major shareholder's business.**

The Company's major shareholder is Nuttaphob Ratanasuwanthawee, the major shareholders of the SC Group and Chemicals Aromatics (Thailand) Co., Ltd., one of the SC Group companies.

The Company relies on and operates a business related to its major shareholders.

Company	Type of Business	Relationship
Rayong Bulk Terminal Co., Ltd.	Provide wharf frontage service and warehouse service	Subsidiary company and co-directors/co-management team
SC Management Co., Ltd.	Water carriage	The Company's shareholders and co-directors/co-management team
SC Carrier Co., Ltd.	Land carriage	The Company's shareholders and co-directors/co-management team
Sukhumvit Asset Management Co., Ltd.	Financial institution	Subsidiary's shareholders
The Siam Commercial Bank PLC	Financial institution	The Company's shareholders and subsidiary company
Chemicals and Aromatics (Thailand) Co., Ltd.	Distribution of chemicals	Co-shareholders and directors/co-management team
NP Marine Co., Ltd.	Provide wharf frontage service, warehouse service and water carriage	Co-shareholders and directors/co-management team
SCG Logistics Co., Ltd.	Land and water carriage	Co-shareholders and directors/co-management team
SC Offshore Service Co., Ltd.	Offshore marine services	Co-shareholders and directors/co-management team
Natural Fuel Industries Co., Ltd.	Natural fuel industries from agricultural by products	Co-shareholders and directors
Neco-Trans Siam Co., Ltd. (Formerly "AMT - SC (Thailand) Co., Ltd.")	Logistics service	Co-shareholders and directors
Platinum Emerald Co., Ltd.	International Seaborne transport	Affiliate company of the Company which has co-shareholders
Scena Offshore Co., Ltd.	Offshore marine services	Co-shareholders and directors/co-management team
SC Corporation Co., Ltd.	Provide liquid petroleum warehouse service	Co-shareholders and directors
Bangpakong Terminal PCL.	Provide wharf frontage service and warehouse service	Co-shareholders
Inter Spec Global Co., Ltd.	Import and export products	The Company's shareholders
Thai International Dockyard Co., Ltd.	Dockyard provider	Co-shareholders and directors
SC Group Holding Co., Ltd.	Liquid petroleum water Carriage services	Co-shareholders and directors/co-management team



**Nature of Business Operations****Revenue's Structure**

Revenue's Structure of Company for the year 2014-2016						(Unit :Million Baht)	
	2016		2015 (Restated)		2014 (Before acquisition)		
	Amount	%	Amount	%	Amount	%	
<b>REVENUES</b>							
Revenue from sales of chemical products	867.50	65.79	1,018.87	67.87	720.14	84.86	
Revenue from services	159.13	12.07	144.96	9.66	123.81	14.59	
Total Revenues from Sales and Services	1,026.63	77.85	1,163.83	77.52	843.95	99.45	
<b>Other Revenue</b>							
Other income	5.36	0.41	1.27	0.08	2.40	0.28	
Debt forgiveness from legal claim	18.54	1.41	-	-	-	-	
Income from debt restructuring	-	-	305.24	20.33	-	-	
Reversal of allowance for doubtful accounts	23.66	1.79	-	-	-	-	
Reversal of provision for gypsum relocation	0.25	0.02	30.97	2.06	-	-	
Gain on sale of leasehold and fixed assets					0.39	0.05	
Reversal of allowance for impairment on assets	244.23	18.52	-	-	-	-	
Income from Exchange rate					1.86	0.22	
Total Other Revenue	292.04	22.15	337	22.48	4.65	0.55	
<b>Total Revenues</b>	<b>1,318.67</b>	<b>100.00</b>	<b>1,501.31</b>	<b>100.00</b>	<b>848.60</b>	<b>100.00</b>	
Source: Auditor Report							
Ratio of increase (decrease) of distribution value (%)	(137.20)	(11.78)	319.88	37.90	54.75	6.93	
Note: On 27 April 2016, the Company has entered into an agreement to accept the partial transfer of a business from a related company. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position as at 31 December 2015, have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.							

**Types of Products and Services****1) Distribution of chemicals such as Ammonia and Sulfuric acid.**

The company imports chemicals including Ammonia and Sulfuric acid to distribute for domestic customers

**Ammonia** for Dyeing industry, Synthetic fiber, Plastic, fertilizer, Frozen food industry, Oil refinery and the chemical industry, Rubber processing industry, Monosodium glutamate factory, and Refrigerant manufacturers.

**Sulfuric acid** for use in the Mining industry, Petrochemical industry Dyeing industry and the process of treating and improving waste water, Water quality improvement process, Car cleaning fluid and batteries.

## **2) Chemical fertilizer including by products.**

The company plans to distribute 3 main chemical fertilizers are Bulk Blending Fertilizer, Compounded Fertilizer and Single fertilizer. The company will produce only Bulk Blending Fertilizer. For the Compounded Fertilizer and Single fertilizer, the company will import from abroad to distribute to domestic customers, and the company will supply chemical fertilizer to the customers in the formulation required by the market such as 16-20-0, 16-16-8, 15-15-15 and 18-46-0 etc.

In the the Compounded Fertilizer and Single fertilizer, that the company will import from abroad to sell it. (Trading), some will sell to customers directly without any action, and some the Companies will prepare the packaging before selling to the customer.

There are a by products as Gypsum from the production of compounded fertilizers in the past. It was stored on the factory area of the company in Rayong. The use of gypsum can be divided into two aspects: agriculture (soil improving) and industry (mostly used in the building materials industry). In the past, the gypsum source used was natural gypsum, but for our gypsum as the gypsum derived from phosphoric acid production that is lower cost. Therefore, it is more competitive in price than natural gypsum in agriculture.

## **Services**

### **1) Warehouse services**

The company has the available space in the warehouse building to serve customers who need to use that space for product storage that is additional revenue for the company. The target group of the company is the logistics business, and Import/export companies which demand for warehouse space for import and export.

### **2) Port services**

Since the Company has been approved by the Industrial Estate Authority of Thailand ("IEAT"), the Company can use the Company's Port that is a dedicated Berths for use in company business only for provide services to the existing customers of Rayong Bulk Terminal Co., Ltd. (RBT) for one year from November 1, 2012, or until IEAT can operate the port itself for solving the problem of cargo congestion at MapTaPhut Industrial Port in accordance with government policy.

### **3) Liquid tank farm services**

The company can provide liquid tank farm to customers to store chemicals that also helps to manage the volume of chemicals to meet customer needs. The liquid tank farm is located on the company's area and is transported through the pipeline from the docks to the storage tanks. There are two groups of products available for storage:

- **Group 1:** Petroleum products such as liquefied petroleum gas (Methane, Ethane, Propane and Butane), Liquid fuels (Gasoline, Diesel oil, Jet fuel, Fuel oil, Kerosene and Asphalt), etc.
- **Group 2:** Petrochemicals and Chemicals such as Ethylene, Ammonia, Sulfuric, Methanol, Propylene, etc.

It also provides services in the discharge of liquid storage tanks to railroad trucks for customers including the pipeline to the customer's production facilities in the MapTaPhut Industrial Estate as per customer requirements.

#### **4) Yard Serving or demolish steel structures and piping systems.**

The company plans to carry steel structures and piping systems in the Gulf of Thailand returned and disposed of properly and properly in accordance with Thai law under the supervision of the Department of Mineral Fuels Ministry of Energy as well as other related agencies. Based on the feasibility study of the project, this project will provide a good return on investment.

### **Marketing and Competition**

#### **Manufacturing and Distribution**

##### **1) Chemical Distribution are Ammonia and Sulfuric acid**

Ammonia is a very useful basic chemical used in agriculture, which uses Ammonia to produce fertilizers such as urea, fertilizer, ammonium nitrate, etc. But in Thailand no ammonia is produced which imported ammonia from abroad and no fertilizer producing directly from ammonia. Ammonia imported into the country is used for various industrial purposes such as Production of latex, Rapeseed, Monosodium glutamate factory, and Refrigerant manufacturers etc, as importers of imported ammonia as raw material for the production process started marketing of ammonia in the country because there are ammonia storage tanks large enough to accommodate the imported ammonia as a raw material and distribution within the country. It also lowers operating costs. Therefore, it can compete with the price of the same supplier.

Sulfuric acid is a basic raw material for many basic industries such as fertilizers, batteries, textiles, pulp, alum, rubber, etc. In Thailand, there are two categories of manufacturers are producing from the sulfur burning, and by products in the smelting industry. Competition in the market depends on the volume of production of the smelters. If it can produce full capacity, it will make overproduction. Currently, the domestic smelting industry has slowed down and depend on the imports of sulfuric acid from abroad. The increased sales volume comes from the company's customers exporting to neighboring countries.

##### **2) Finished good of Chemical fertilizer including by products**

The company has a marketing and sales plan and the target of the company is the Distributor, Agricultural cooperatives, Government sector of agriculture, Agriculture, Factory of industry and Fertilizer mixed plant.

The company will start by contacting the fertilizer distributors and major purchasers as well as procuring new distributors.

The Company will consider the world market price and its competitors selling prices as a guideline to determine the selling price. There will be additional discounts as appropriate for market conditions at different times and locations to motivate customers to buy products from companies.

In the past year, the company has been able to sell gypsum with approximately 1,500 tons of gypsum products and the company will continue to look for other gypsum buyers. However, the major obstacle to the sale of gypsum is a high transportation cost compared to the value of gypsum including gypsum may require some improvement in properties in order to be suitable for use in the industrial sector.

## **Services**

### **1) Warehouse services**

The target customers are logistics business, and Import/export companies which demand for warehouse space for import and export is expected. There are other customers who do business in the same way to pay attention to the company's warehouse services. The company will charge a storage fee based on actual usage that rates will be adjusted according to market conditions at that time.

### **2) Port services**

The Company's port can serve the existing customers of Rayong Bulk Terminal Co., Ltd., who is a customer located in MapTaPhut Industrial Estate and there is a type of bulk cargo such as Hot rolled coils, H-BEAM cold-rolled steel plate, etc, and the service can be operated temporarily on a one-year basis from 1 November 2012 or until the IEAT can operate the port itself.

### **3) Liquid tank farm services**

The target customers are logistics business, and Import/export companies which demand for warehouse space for import and export and the purpose of inventory stock of goods for the customer company. The company will charge a service based on actual usage. The service fee is based on the agreed value in the long-term contract with each customer.

### **4) Yard Serving or demolish steel structures and piping systems.**

There are no competitors in this market that is a good opportunity because this business is supported by the government policy of "Thailand 4.0".

## **Products supply and services**

### **Manufacturing and Distribution**

#### **1) Chemical Distribution are Ammonia and Sulfuric acid**

The company imports Ammonia and Sulfuric acid to distribute for domestic customers included transportation, pipeline transportation and containers to customers.

#### **2) Finished good of Chemical fertilizer including by products**

For the Compounded Fertilizer and single Fertilizer that the company is mainly imported from abroad but in terms of raw materials, the company will supply both domestic and international depending on the amount of raw materials and the cost of each purchase. So, the Company has a policy to purchase raw materials from several manufacturers to reduce the risk of raw material shortages and to obtain quality raw materials at reasonable prices.

In gypsum as the by products from the production of compounded fertilizer in the past was stored on the factory area of the company in Rayong. The company can be sold to customers in both the agricultural and industrial sectors.

## **Services**

### **1) Warehouse services**

The company brings the available space in a warehouse building to serve the customers who need to use this space for bulk storage that is an additional revenue for the company.

## **2) Port services**

The company can also use existing company docks to serve and provide services to customers of Rayong Bulk Terminal Port Co., Ltd. (RBT) by operated temporarily from 1 November 2012 or until IEAT can operate the port itself. This generates additional revenue for the company.

## **3) Liquid tank farm services**

The company is able to provide logistics services and liquid warehousing to customers who are in need of liquid warehouse space for import and export or used as an inventory stock for a client company. This is an additional major revenue generated to the company.

## **4) Yard Serving or demolish steel structures and piping systems.**

The company plans to service the assembly or demolition of steel structures and piping systems. Currently, the feasibility study of the project is under preparation and the business plan is prepared if approved by the Industrial Estate Authority of Thailand

## **Future investment plans**

NFC Fertilizer Public Company Limited emphasis for investment management for the purpose of ensure that the investments will both maximum potential- in terms of value added to investment projects, risk management and to achieve the Company's goals for each period of time as specified. The company has analyzed the factors and risks of investing in various aspects. Constantly following the changing economic and political circumstances for flexibility in making investment decisions and adjusting investment plans. Also, review key target groups for expansion by considering the main target groups that have the potential and suitability to meet the economic growth direction and goals set by the Company by analyzing investment factors such as product potential or services, Supply Chain Management Factors, Creating synergies with government, Economic risks Politics and business, including competitive advantages.

For the year 2017, NFC Fertilizer Public Company Limited will implement significant investment management to invest in petroleum and petrochemical storage projects in the company area due to the fact that the export industry uses raw materials from petrochemicals, and the current demand for petroleum products continues to expand along with the economic expansion of Thailand and the region as well. It is a great opportunity because of domestic production still limited. It is anticipated that imports of petroleum and petrochemical products will increase. The company has the potential to serve the petroleum and petrochemical needs of its customers both in terms of location in the country's major petrochemical industries. (MapTaPhut Industrial Estate, Rayong province), which has a port that can accommodate liquid cargo ships, and the back-yard area to create storage and facilities. However, the company plans to select the development of potential and suitable investment projects.

Investment plan of NFC Fertilizer Public Company Limited as mentioned above. There are major sources of investment that can be used to fund such planned investments. This will come from the source of equity, including long-term debt. The above investment plan is an investment plan of NFC Fertilizer Public Company Limited only.

## **Risk Factors**

NFC Fertilizer Public Company Limited perceived the continual improvement in Risk Management for all employees in our organization. Because company are confident that Risk Management is an important tool for organization to really cope with all forthcoming situations. Moreover, Risk Management is a specific tool to help company to find new business opportunities and investment decisions, to incorporate risk management frameworks into efficient implementation to cover the risks in both vertical and horizontal direction. However, the afore-mentioned Risk Management for investment projects and operational risk managements. This will benefit the added value to company, shareholders and stakeholders, resulting in sustainable growth of NFC Fertilizer Public Company Limited. So that Executive Committee approved in four major risks that may affect the Company's future business and investment plans.

### **Risk from Business Operations**

Risk from limitation of long-term land lease agreement

The Company has leased the land in Map Ta Phut Industrial Estate from Industrial Estate Authority of Thailand ("IEAT") to engage its business of chemical fertilizer manufacture and distribution or other business as consented by IEAT. However, in year 2022 the long-term land lease agreement with IEAT will be expired but in the long-term land lease agreement details have clearly indicate that company have a right to extend the long-term land lease agreement period more 20 years. Nevertheless, Company still take more risk from lease agreement rate valued which it can be impacted from higher lease agreement cost and and higher expense when compare with old long-term land lease agreement. However, Company have a strategic to carefully negotiate with new contract detail with IEAT in the future.

Risk from important raw materials and chemicals are variable price according to the selling price of the world's market

The Company operates the business of import of chemicals to sell major customer who are manufacturers and distributors in the country. The raw materials or chemicals are commodity good which price are variable in each of the different times according to the selling price in the world's market. If, in any period, it is in shortage of goods or it is high demanded, there will be high competitive. This situation will make the prices of both goods higher. At present, the Company has therefore managed the risk by setting a structure of selling price referred from the world's market price and controlling cost of forward exchange rate to cover the impact of pricing risk which is high unstable and collecting the price of goods in advance from customers as well. Moreover, Company manage with inventory to according with monthly customer requirement in order to setting selling price and selling cost in the same accounting period.

### **Risk from depending on a major customer and a few customers**

In year 2016, Company has sold ammonia and sulfuric acid to fews major customers and it have only fews major customers still not sign with long term agreement contract. From this reason, Company still have a risk if customer do not buy good from us. The Company therefore has risk if the customer stops purchasing the Company's goods for using as raw materials of its manufacture or retailing in the market. Therefore, the Company has managed the risk by entering into long-term contracts with the customer of ammonia and the customer of sulfuric acid who have to invest in materials and equipment for highly transporting and distributing the products include developing safety system in transporting and distributing for customer

satisfaction which this made us can be maintain with major customers. , Company plans to increase revenue by expanding the customer base and greater quantity to selling customer which it will reduce problem of risk from depending on a major customer in the future.

For selling ammonia, the Company have already purchased and transferred partial business of C&A. This situation help reducing the dependence of the major customer for selling ammonia because the Company will sell the goods to end users by itself.

For sulfuric acid, the Company has sold to one major customer who has financial readiness and has potential in transport and distribution with good relationship with the Company for more than 9 years and in year 2017, Company plans to increase revenue by expanding the customer base and greater quantity to selling customer.

#### **Risk from new importers arising**

At present, there are only 3 importers of ammonia for distribution in the country. The price thereof is not much competitive. However, if there are additional importers, it may affect the price to be more competitive because each importer must maintain its market share. This situation may affect the Company's gross margin and operating performance. However, the said market is a monopolistic competition. To be a new importer may take time and there is a burden of operating cost for entering into the market.

#### **Risk in respect of Efficient Investment**

Despite the slowly recovered world economic but it still high inconsistency in many countries having big scale of economics including slow growth of Chinese economic that may impact the investment, revenue and debt payment ability, NFC Fertilizer Public Company Limited has deployed the investment plan to expand the continual business periodically of which risks may impact company's efficient investment in respect of targeted IRR or over planned investment.

The referred risks consist of inconsistency of world economic and overview of country, change of politics, government-contributed policies, and fluctuation of currency exchange rate. In order to cope with above risks, company has established the investment standard rule for business decision making, monitoring and supervising the investment of all projects which will be performed by skillful / experienced committee for screening investment project for the best benefit to company prior to submitting the project investment to Board's approval.

Once the investment projected is approved, committee of NFC Fertilizer Public Company Limited will keep all investment project continually/ strictly monitored as well as to take precautions for possible new risks which may impact the investment project. Effective measures can then be deployed immediately /timely.

#### **Financial Risks**

##### **Risk from Currency Exchange**

The Company has the risk from currency exchange arising from importing products which almost of sellers specifying their selling price in US dollar. Upon there is a fluctuation from the said currency, it may affect to the cost of imported products to be not in correspondence with the products' sale revenue. The Company therefore has a policy to reduce the risk from currency exchange by converting the currency to be in Baht



or entering into a forward contract with the bank immediately in order to mitigate the said risk from currency exchange.

#### **Risk from Giving Credit**

The Company has sold and provided services to some customers with credit term. Therefore, the Company has a risk of the said credit which caused the Company significant damage from inability to collect some debts. However, at present, the Company has mitigated the risk by collecting the goods price and service fees in advance from most of customers.

#### **Risks affecting the securities holders' right or investment**

##### **Risk from the Company's deficiency and inability to pay dividend**

Currently, the Company has retained deficit 606.53 Million Thai Baht and cannot pay dividend to the shareholders in accordance with the law and the shareholders have a risk of not receiving dividend under the dividend policy specified. Although in year 2016, the company has undertaken aggressive with modifications to the strategic plan for a new business development by selling goods to the destination manually which this make more profit from operations.

##### **Risk from the Company's securities being in the NPG, phase 3**

On 12 March 2013, the Stock Exchange of Thailand ("SET") has announced that the Company is in the Non-Performing Group: NPG in phase 3 and SET submitted a notice of giving time to remedy the cause of withdrawing the Company's ordinary shares from being listed securities. Regarding SET considers that the Company has expressed guideline and progress of the remedy such cause of withdrawal as well as the Company has its attention and put continuous effect to remedy the cause of withdrawal, therefore has given extension until 31 March 2016. The Company has already submitted a petition for releasing from the cause of withdrawal and explanation or supportive or useful documents to the Stock Exchange of Thailand on March 31, 2016.

##### **Risk from a majority shareholder holding more than 45 percent of the Company's shares**

As of 29 November 2016, Mr. Nuttaphob Ratanasuwanthawee holds shares in the Company in the amount of 1,518,541,679 shares, equivalent to 55.83 percent of total issued shares of the Company. This situation may cause Mr. Nuttaphob Ratanasuwanthawee to almost control resolutions of the Shareholders' Meeting whether in appointing directors or requesting for resolutions on other issues which must ballot majority votes of the shareholders appearing in the meeting and having voting right, except for those required three-fourths vote of the shareholders appearing in the meeting and having voting right as specified by law or the Company's articles of association. Therefore, other shareholders may not gather votes for checks and balances of issues presented by the majority shareholders.

##### **Legal risks including the renewing of any license related to the Conduct of Business.**

The conduct of business by the company requires license from governmental sector or other related responsible authorities, such as The Department of Agriculture, The Marine Department, The Industrial Estate Authority of Thailand, The Department of Industrial Works, The Customs Department, etc., which the company has strictly complied with all governmental regulations assuring the company's executive to believe that there shall be no obstacle regarding the renewing of such license.

**Securities Details and Shareholders****1) Number of registered capital and paid up capital**

As of December 31, 2016, the Company registered capital was 1,359,791,320 Baht, of which 1,359,791,320 Baht had been paid up. The paid-up capital comprises of 2,719,582,640 ordinary shares with a par value of 0.50 Baht per share and name used for offering is "NFC".

**2) Shareholders' structure**

List of major shareholders of the Company as of November 28, 2016:

Item	Name - Surname	Number of shares as of November 28, 2016	%	Remarks
1	Mr. Nuttaphob Ratanasuwanthawee	952,747,683	35.03%	
2	Chemicals and Aromatic (Thailand) Co.,Ltd.	565,793,996	20.80%	Sold to Mr.Nuttaphob Rattanasuwanthawee since 22 November 2016
3	Inter Spec Global Company Limited	440,000,000	16.18%	
4	Mr. Pittayakorn Naothaworn	240,000,000	8.82%	
5	Mr. Asia Phukhananan	70,400,000	2.59%	
6	Mr. Pratyha Sermuksakulchai	70,400,000	2.59%	
7	Mr. Wichai Thongtang	64,000,000	2.35%	
8	Mr. Archawee Angsuthammarat	42,669,904	1.57%	
9	Mr. Direk Chatpimolkul	33,280,000	1.22%	
10	Mr. Thanit Chaikulngamdee	26,880,000	0.99%	
11	Ms. Rapatporn Tongvongsa	25,600,000	0.94%	
12	Mr. Sittamon Angsathamrat	24,979,297	0.92%	
12	Others	162,831,760	5.99%	
<b>Total</b>		<b>2719,582,640</b>	<b>100.00%</b>	

**Dividend Policy**

Currently, the Company is under the process of its operational revision and has no profit from the operating performance; therefore, the Company has no policy to distribute dividends yet. However, if, upon completion of capital structure adjustment, the Company can earn profit, the dividend policy will be according to its Articles of Association and the resolution of the Shareholders' Meeting.

## Management Structure and Management

### Board of Directors

The Board of Directors of NFC Fertilizer Public Company Limited comprises of the Board of Directors, Executive Committee, and the Audit Committee as follows:

#### Board of Directors

Item	Name - Surname	Position	Board of Directors' meeting (Jan. 1, 2016-Dec. 31, 2016)	
			Number of Meetings	Number of Attendances
1	Mr. Wisanu Niwesmarintra	Independent Director and Chairman	8	7
2	Mr. Nuttaphob Ratanasuwanthawee <sup>1</sup>	Vice Chairman	8	8
3	Assoc.Prof.Dr. Seri Wongmonta <sup>1</sup>	Independent Director	8	6
4.	Mrs. Sunee Sornchaitanasuk	Director	8	6
5	Mr. Sumit Petcharapirat	Independent Director	8	6
6	Mrs. Aree Termwattanapakdee	Independent Director	8	8
7	Mr. Suppakit Duyapich	Director	8	7
8	Mr. Wiboon Rasmeepaisarn <sup>1</sup>	Director	8	8
9	Mrs. Bongkot Rungkornpaisarn <sup>1</sup>	Director	8	8
10	Mr. Yongyos Palanitisena	Director	8	7
11	Mr. Kijja Smunyahirun	Director	8	8
12	Mr. Nataphong Ratanasuwanthawee	Director	8	8

*Remarks:*

*Directors have been appointed in the Annual General Shareholders Meeting no. 1/2016 on 29 April 2016.*

As of December 31, 2016, authorized signatory directors are: Mr. Nuttaphob Ratanasuwanthawee and any of Mr. Yongyos Palanitisena or Mr. Suppakit Duyapich jointly sign, together with the Company's seal affixed; or Mrs. Bongkot Rungkornpaisarn and Mr. Kijja Smunyahirun jointly sign with any of Mr. Yongyos Palanitisena or Mr. Suppakit Duyapich, together with the Company's seal affixed.

**Executive Committee**

Item	Name - Surname	Position	Board of Directors' meeting	
			Number of Meetings	Number of Attendances
1	Mr. Nuttaphob Ratanasuwanthawee <sup>1</sup>	Chairman of the Executive Committee	2	2
2	Mr. Suppakit Duyapich	Member of Executive Committee	2	2
3	Mr. Yongyos Palanitisena	Member of Executive Committee	2	2
4	Mrs. Bongkot Rungkornpaisarn <sup>1</sup>	Member of Executive Committee	2	2
5	Mr. Kijja Smunyahirun <sup>1</sup>	Member of Executive Committee	2	2
6	Mr. Nataphong Ratanasuwanthawee	Member of Executive Committee	2	2

*Remarks:*

1. Member of Executive Committee has been appointed in the Annual General Shareholders Meeting no. 1/2016 on 29 April 2016.
2. In 1 January 2016 – December 31, 2016, there was 2 calls for the Executive Committee's meeting, after that the Members of Executive Committee gave comments in the Board of Directors' meeting.

**Audit Committee**

Item	Name - Surname	Position	Board of Directors' meeting	
			Number of Meetings	Number of Attendances
1	Assoc.Prof.Dr. Seri Wongmonta <sup>1</sup>	Chairman of the Audit Committee	9	8
2	Mrs. Aree Termwattanapakdee	Audit Committee	9	9
3	Mr. Sumit Petcharapiratch	Audit Committee	9	5

*Remarks:*

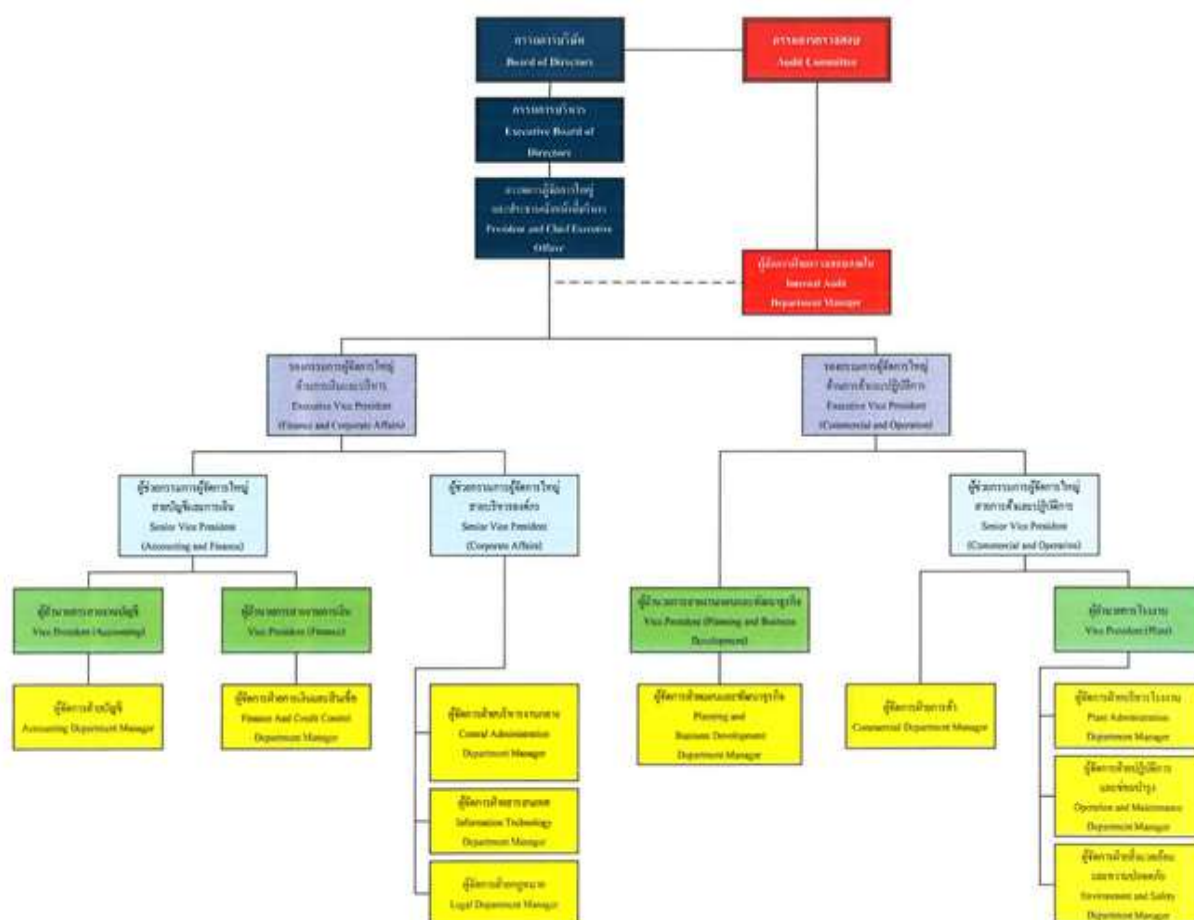
Audit Committee has been appointed in the Annual General Shareholders Meeting no. 1/2016 on 29 April 2016.

## Management

As of December 31, 2016, the Company's management consists of 6 members as follows:

Item	Name - Surname		Position
1	Mr. Nuttaphob	Ratanasuwanthawee	President and Chief Executive Officer
2	Mrs. Bongkot	Rungskornpaisarn	Executive Vice President ( Finance and Corporate Affairs )
3	Mr. Nataphong	Ratanasuwanthawee	Executive Vice President ( Commercial and Operation )
4	Mr. Kijja	Smunyahirun	Senior Vice President ( Corporate Affairs )
5	Mrs. Sarinthip	Kittiwongsophon	Senior Vice President ( Accounting and Finance )
6	Mr. Chaiyot	Ounpanwat	Senior Vice President ( Commercial and Operation )

## Company's Internal Management Structure Diagram



## Company Secretary

Mrs. Sarinthip Kittiwongsophon has been appointed to be the Company Secretary by a resolution of the Board of Directors, effective from 25 November 2015 onwards. Qualifications of the Company Secretary as per attached document 1.

**Remuneration for Directors and Executives**

- **Remuneration for Directors:** The Company sets clear and transparent policy on remuneration for directors at the same level within the same industry and at the same rate of the past year as approved by the Plan Administrator.

**Remuneration for Directors during January to December 2016**

Name's List		Director Baht/year	Member of Executive Committee Baht/year	Audit Committee Baht/year	Total
Mr. Nuttaphob	Ratanasuwanthawee	156,000	192,000	-	348,000
Mrs. Bongkot	Rungkornpaisarn	120,000	-	-	120,000
Mr. Wiboon	Rasmeepaisarn	120,000	-	-	120,000
Mr. Yongyos	Palanitisa	120,000	120,000	-	240,000
Assoc.Prof. Dr. Seri	Wongmonta	120,000	-	96,000	216,000
Mrs. Sunee	Sornchaitanasuk	120,000	-	-	120,000
Mr. Suppakit	Duyapich	120,000	120,000	-	240,000
Mr. Kijja	Smunyahirun	120,000	120,000	-	240,000
Mr. Wisanu	Niwesmarin	192,000	-	-	192,000
Mr. Sumit	Petcharapiratch	120,000	-	50,000	170,000
Mrs. Aree	Termwattamapakdee	120,000	-	90,000	210,000
Mr. Nataphong	Ratanasuwanthawee	120,000	120,000	-	240,000
<b>Total</b>		<b>1,548,000</b>	<b>792,000</b>	<b>236,000</b>	<b>2,576,000</b>

- **Remuneration for Executives:** will be subject to the criteria and policy specified by the Board of Directors, connecting with the Company's operating performance and work performance of each executives.

**Remuneration for Executives in 2016**

In 2016, the Company paid remuneration for 6 executives as follows:

	2015		2016	
	Number (persons)	Amount (million Baht)	Number (persons)	Amount (million Baht)
Salary	5	9.81	6	20.25
Provident Fund		0.65		0.79
Once paid income		0.00		0.00
Other income		0.00		0.00
<b>Total</b>		<b>10.46</b>		<b>21.04</b>

## Personnel

In 2016, the Company paid remuneration, comprising of salary, shift wage, provident fund, allowances for working in up-country, accommodations, living expenses, annual leave pay, severance pay under labor law, for 96 employees (entering and leaving during a year included), totaling Baht 49.24 million.

### Number of employees: As of December 31, 2016

Item	Office	Number (persons)		
		Male	Female	Total
1	Bangkok	16	27	43
2	Map Ta Phut Factory in Rayong Province	40	13	53
<b>Total</b>		<b>56</b>	<b>40</b>	<b>96</b>

In the past three years, the Company has not had any labor dispute ( Except in case of the Company and Mr. Nuttaphob Rattanasuwanthawee has been sued by Mr. Krit Vimtrimate for calling the compensation payment from the Company's lay off since 2004.

### Policy on Employee Development

The Company has realized that the employees are valuable resource of the Company. They are a starting point of responsibilities in vision and mission of the organization. The Company, therefore, has a policy to emphasize the development of its management and employees to be talented and good under the same roof of the corporate culture. The Company has prioritized the management and development of personnel to obtain knowledge, expertise, profession including being happy at work and having awareness of social responsibilities.

The Company has provided trainings in the organization and delivered employees to be trained outside the organization consistently in both safety, enhancement of proficiency, professional skill, knowledge ability of the employees, a happy living in Zen way, etc. In addition, the Company has provided systems of communications and entertaining activities in the organization implementing a good relationship between the employees and the management. Furthermore, the Company has taken care of the employees in equality, given appropriate and fair remuneration and welfares in order to persuade and keep them to work for the Company in the long run.



## **Good Governance**

### **Good Governance Policy**

The Board of Directors of NFC Fertilizer Public Company Limited aims to promote operational efficiency, good corporate governance and excellent management among the Company. This is to ensure that the company's businesses are conducted responsibly, ethically, fairly, transparently and accountably, with a clear focus on the creation of utmost benefits for the shareholders and stakeholders, towards mutual trust and sustainable growth and reflect with best company's image.

To this end, the Board of Directors has established the good corporate governance policy for all Directors, Executives and Employees to observe in their discharge of duties as follows:

- (1) The Board of Directors shall observe the international guidelines and consistently improve on the good corporate governance in accordance with these international standards in matters relating to consideration of the rights of shareholders, the equitable treatment of shareholders, the recognition of the responsibilities of Company to stakeholders, the information disclosure and transparency, and, the roles and responsibilities of the Board of Directors.
- (2) The Board of Directors, the management and all employees shall to be determined in their observance of the core of the good corporate governance principle. Additionally, they need to ensure strict compliance with the laws and relevant regulations in all countries in which the company invests.
- (3) The Board of Directors shall arrange for an administrative structure with fair relationship between the board of directors, the management and the shareholders. They shall play a vital role in the determination of visions, strategies, policies and key plans. They shall ensure that a performance monitoring and evaluation system is in place, that risks are efficiently managed, that they are independent, and, that they are responsible for their discharge of duties in accordance with the good corporate governance principle.

Treatment to Concerned persons

#### **1. Policy and Treatment to Shareholders**

The Company realizes that shareholders are the owner of business and the Company has the responsibility to make value added to shareholders in long term. Therefore, directors, executives, and employees are required to comply with the following guidelines:

- Directors, Executives, and employees shall perform their duty honestly and with good faith and make decision for any matter with clear mind, carefulness, and justice for the maximum benefit of shareholders, as a whole.
- Directors, Executives, and employees shall regularly present Company's status operation result, financial status and other report with accurate and true information.
- Directors, executives, and employees shall inform all shareholders equally the Company's future trend of the organization in both positive and negative side which is based on possibility, with supported information, and logic.
- Directors, executives, and employees are prohibited to use any Company's information to seek for their own benefit or any person's benefit which such information has not yet been disclosed to public,

- Directors, executives, and employees are prohibited to proceed with any matter in the manner which may lead to conflict of interest with the Company.

## **2. Policy and Treatment to Employees**

The Company realizes that employee is the valuable factor to reach the Company's success target. Therefore, it is the policy of the Company to provide fair treatment in respect of opportunity, remuneration, position and the development of capacity to be in line with such policy, Company follows these guidelines.

- The Company shall have fair remuneration to employee.
- The Company shall regularly preserve working environment to be safe for employee's life and property.
- The Company's appointment and transfer of the position including rewards and punishment to the employee shall be made with good faith and based on knowledge, ability and suitability of the employee.
- The Company concentrates on the importance of knowledge development and employee's ability by giving opportunity thoroughly and regularly.
- The Company listens to employee's opinion and suggestion on the basis of employee's professional knowledge.
- The Company shall strictly comply with laws and any regulations related to the employee.
- The Company shall manage by avoiding any action which might affect the stability in the employee's job or threaten and create more pressure into the employee's mind.
- The Company shall treat the employee with politeness, respect with individual and human dignity.
- The Company shall create the comprehension roles and ethics to which employees can do to encourage behavior that is in the framework of the code of conduct until cover the entire organization.
- The Company shall open the opportunities and channels for employees to make illegal the Organization's Board of Directors.
- The employee is allowed to complain to the Company if the employee is treated unfairly under the specified system and procedure.

## **3. Policy and Treatment to Customers**

The Company realizes the importance of customers' satisfaction in which leads to the Company's business success. Therefore, the Company has intention to always seek for the effective and efficient way to respond to the need of the customer which can be indicated as follows:

- The Company shall operate its business in honesty, justice, and provide accurate and timely enough customers.
- The Company shall deliver goods and service with the highest quality as per the expectation of customers at the fair price and Aims to raise the standards continuously.
- The Company shall define the acceptable quality level of products and services.
- The Company shall give accurate, adequate and updated information about goods and services to the customers without exaggeration to cause the customers to misunderstand about quality, quantity, and conditions of goods or services.

- The Company shall provide system and procedure for customers to complain about quality, quantity, safety of goods and services including the rapidity for response or delivery, and proceed to the utmost with fast response for the customers.
- The Company shall contact with customer politely, efficiently and trustfully
- The Company shall give advice about use methods of goods and services to be and for the maximum benefit to the customers.
- The Company shall strictly maintain the business confidentiality of customer, including the customer information which will not disclosed without any permission of the customer, or the authorized representative of the company, unless the information must be disclosed to a third party, the relevant articles of the law, including usage information for the benefit of themselves and people involved in.
- The Company shall find a way to reduce production costs by maintaining the standard of quality of goods and services to be added to customers continuously.
- The Company shall strictly comply with all condition with customers. If the Company cannot comply with any condition, the customers must be informed immediately in order to find the solution together.
- The Company will not pay any benefits that are being hijacked or customers by using dis-honest methods.

#### **4. Policy and Treatment to Business Partner and/or Creditors**

The Company has the policy to provide equal and fair treatment to business partners, and/or creditors by considering on the maximum benefit of the Company and on the basis of getting fair return to both parties. In addition, the Company shall avoid the situation leading to conflict of interest to commitment, gives true information and accurate report. Negotiation for problem resolution shall be on business relationship basis, as follows:

- The Company shall not ask for or receive any benefit which is dishonest from the business partners and/or creditors.
- If company have an information that there has been a call or receiving or paying any dis-honesty occurred. To disclose details to the partners and/or creditors and shared resolve, justice, and quickly.
- The Company shall strictly comply with agreed conditions. In case the company cannot comply with any conditions, the creditor must be informed immediately in order to find the solution together.

#### **5. Policy and Treatment to Business Competitors**

The Company has the policy to treat business competitors in accordance with international principle within the frame work of the laws in relation to principle of trade competition, not violating confidential information or getting business competitor's confidential information by fraud. The treatments are indicated as follows:

- The Company shall conduct under rules for good business competition.
- The Company shall not seek for confidential information of business competitors by dishonest or inappropriate way.
- The Company shall not destroy the business competitors' reputation by making defamation accusation.

## **6. Occupational Safety, Health and Environment**

The company is committed to conducting business on the basis of safety. Occupational safety, health and the environment by doing the following:

- The company will comply with laws and regulations. Occupational Safety, Health and environment of the country in which the company into action.
- The company will maintain a work environment in that is safe for the life and property of the staff always.
- Executives and Employees Staff must be heeded seriously all activities that will enhance the quality. Occupational Health and Environment.
- The company will disclose information honestly, about the relationship of a company's operations with Occupational Safety, Health and Environment issues.

## **7. Responsibility to Society and Public**

The Company has policy to operate business for the benefit of the economy and society. The Company also gives the importance of preservation of local tradition where company's business unit is located. In addition, it is also the policy of the Company to be a good citizen and to fully comply with laws and relevant regulations. To support the policy as mentioned above, the Company shall regularly proceed with activities that will create contribution to society and also implant consciousness to all levels of the employees in order for them to have serious and continued responsibility to society in order to be always sustained as a good organization culture.

- No any action which it will be effected with natural resources and the environmental damaging.
- Support the activity of the beneficial and creative social stakeholders regularly.
- Create a sense of social responsibility among employees at all levels in the Organization, the continuous and serious.
- Controls ensure compliance with strictly in accordance with the intent of laws and regulations issued by the compliance regulatory authorities.
- No any help or support to avoid compliance with laws or regulations.
- Cooperate with the compliance regulatory authorities and report the information about the violation or non-compliance with laws or regulations per unit.
- No any acted or involved in bribery or corruption or the use of their authority to seek personal benefits.

### **Principle for conducting business**

In order to achieve the highest benefit from business operation for shareholders, the Board of Directors has the policy to give importance equally and alongside with the achievement as per the target and the using method to reach such success.

The Board of Directors has specified the target and method in order to achieve the targeted success, as indicated in Visions, Commitment and, Organization Culture. The Company has specified the requirements in this Business Ethic Manual to provide the clarity and convenience to directors, executives, and employees to be aware of the compliance standard expected by the Company, and to use as the guideline

for work which has included the treatment to employees, shareholders, customers, business partners, business competitors, and public society as a whole.

### **Vision and Mission**

#### ■ Vision

Being a leader of business integration in the production, sale and purchase, the chemical storage service provider in Thailand and Southeast Asia regions with sustainable profits.

#### ■ Mission

- i. Continuous growth with stability and sustainable way in order to achieve the vision.
- ii. Transparent business management with the successful investment will favor long-term growth and achieve the target.
- iii. Focus on the importance of Human Resource Development to increase their potential and work effectiveness keep up with ASEAN.
- iv. entrepreneurship in pursuance of corporate social responsibility

#### ■ Organization Culture

Manage company business to achieve the vision and mission on the attainment of a basic customer satisfaction and the highest beneficially of our stakeholders with operations.

- i. Providing with steadily short-and long-term goals firmly.
- ii. By supporting with the moral and professional ethical standards.
- iii. By supporting with the challenge creativity thinking and final decision making. Working as a team
- iv. By supporting with the human resource capability and full of potential.
- v. By supporting with generosity towards employees and society.

### **Conflict of Interest**

The Company deems it as an important policy to not allow directors, executives, and employees to use their position for their own benefit. Therefore, the Company has indicated the requirements to comply by the Board of Directors, Executives, and Employees as follows:

1. Avoid doing related to the self that may pose a conflict of interest with the company, except in cases where the transaction is required for the benefit of the company, made the list, as do the items to third parties (Arm's Length Basis). The Board of Directors, Executives or Employees. Key stakeholders in the list. It must not be considered approved.
2. In the event the directors, executives, employees, or any family member are involved or become shareholder in the business that competes with the business of the Company or any business which may create conflict of interest with the Company, such must be informed to the Chairman of the Board in writing.
3. In the event directors, executives, employees are director, partner or consultant in other company or business organization, of the holding of such position shall not be against the Company's interest and the performance in the Company.
4. In the event of entering into the connected transaction under the announcement of The Stock Exchange of Thailand, the criteria, methods and disclosure of connected transaction information to the listed company shall be strictly complied with.

5. The connected transactions must be reviewed or approved by the Audit Committee and the Board of Directors of the company, respectively. The case with the Audit Committee or any Director of the company. Stakeholders in regard The Audit Committee or the Director shall not have taken part in the consideration of related it.

### **Business Ethics**

The Company issued regulations regarding ethics and those prohibited acts against the management and employees to be adhered by the management and employees as practice guideline in honesty and good faith to all groups of stakeholders, public and society. All management and employees signed, acknowledged and agreed to adhere therewith, effective from April 1, 2002 and the Company has followed up their performance under the said practice guideline constantly and has set disciplinary punishment as well.

All this, the Company has improved its Code of Conduct for the management and employees to be adhered with as it is a practice guideline with honesty and good faith to all groups of stakeholders, public, and social. The Company's Code of Conduct for employees (revised edition) 2016 has been established and announced to be effective from January 1, 2016 onwards.

### **Checks and Balances of Non-Executive Directors**

The Board of Directors has 12 members, comprising of:

- |   |            |
|---|------------|
| - Executive Directors                           | 4 members; |
| - Non-Executive Directors                       | 5 members; |
| - Independent Director being as Audit Committee | 3 members. |

Therefore, the Company's Independent Directors are 4 members (i.e. Chairman and Independent Director being as Audit Committee), equivalent to 33.33 percent of all directors.

### **Centralization or Separation of Position**

The Chairman is not the same person of Chief Executive Officer from clearly separating power and duties in order to prevent from a situation where any person having unlimited power and there are Independent Directors, equivalent to 33.33 percent of all directors, establishing the checks and balances and review of the management.

### **Board of Directors' Meeting**

1. At a meeting of the Board of Directors, at least one half of the total number of directors shall be present to form a quorum. In case the Chairman of the Board of Directors is not present at the meeting or is not able to perform the duty and if there is a Vice Chairman of the Board of Directors, the Vice Chairman of the Board of Directors present at the meeting shall chair the meeting. If there is no Vice Chairman of the Board of Directors or there is a Vice Chairman of the Board of Directors, but he/she is not present at the meeting or is not able to perform the duty, the directors present at the meeting shall elect one of the directors to chair the meeting.

Decisions at the meeting shall be made by majority vote.

Each director is entitled to one vote, but a director with a vested interest in a matter is not entitled to vote on that matter. In case of a tie vote, the Chair shall have a casting vote.

2. The Board of Directors shall hold meetings at least three times per year in a local area of corporate headquarters or branch office or any other place as the Board of Directors shall determine, with the meeting dates being fixed in advance annually and additional meetings held as necessary. The Chairman of the Board of Directors and the Chairman of the Executive Board shall determine and approve agenda items.
3. The Company Secretary shall serve meeting notices with agenda items and supporting documents to the directors at least seven days prior to the meeting date to allow time for the directors to study before the meeting.
4. The Chairman of the Board of Directors shall serve as the Chair of the meeting, with a duty to allocate adequate time in each agenda item for the directors to freely discuss important matters, taking into consideration the fair benefits of the shareholders and related parties.
5. The Company Secretary shall take and prepare the minutes of a meeting within 14 days of the meeting, keep the minutes and supporting documents, and provide support to ensure that the Board of Directors can perform duties in compliance with laws, the Company's Articles of Association, shareholder meeting's resolutions, including coordination with related parties.

The Board of Directors has several meetings during a year. Agendas are expressly specified and there are agendas for following up the operating performance periodically as appropriate and the invitation notices with the meeting's agendas and documents shall be delivered to all directors at least 7 days before the meeting date. In 2016, the Board of Directors as the Plan Administrator had 8 meetings, taking 2-4 hours each. The record of each meeting's conduct was made in form of a minutes presented to the Board of Directors for approval and was kept with concerned persons in order to be checkable.

### **Report of the Board of Directors**

The Board of Directors shall be responsible for consolidated financial statements of the Company and its subsidiary company and financial information as shown in the annual report. The said financial statement shall be prepared in accordance with generally accepted standards in Thailand by selecting appropriate policy to be adhered consistently. The Board of Directors shall use careful discretion and the best estimation to prepare and shall disclose sufficiently significant information in the notes to financial statement

The Board of Directors shall provide and maintain efficiently internal control system to reasonably ensure that such accounting information has been recorded accurately, completely and sufficiently to keep the assets and to know weak points in order to prevent from corruption or significant misconduct. All this, the Board of Directors has appointed the Audit Committee comprising of non-executive directors to oversee the quality of such financial report and internal control system and the Audit Committee has also given its opinion in the Board of Directors' meeting.

### **Investor Relations**

The Board of Directors has placed importance to accurate, complete, an updated disclosure of financial report and general information thoroughly including significant information which has affected to the price of the Company's securities by disseminating the said information to investors and concerned persons through the Stock Exchange of Thailand's communication channel.

**Sub-Committee**

Board of Directors of NFC Fertilizer Public Company Limited is comprised of the Board of Directors, the Executive Committee, and the Audit Committee as follows:

**Board of Directors**

Item	Name - Surname		Position
1	Mr. Wisanu	Niwesmarintra	Independent Director and Chairman of the Board of Directors
2	Mr. Nuttaphob	Ratanasuwanthawee <sup>1</sup>	Vice Chairman of the Board of Directors
3	Assoc.Prof.Dr. Seri	Wongmonta <sup>1</sup>	Independent Director
4	Mrs. Sunee	Sornchaitanasuk	Independent Director
5	Mrs. Aree	Termwattanapakdee	Independent Director
6	Mr. Sumit	Petcharapirat <sup>1</sup>	Independent Director
7	Mr. Suppakit	Duyapich	Director
8	Mr. Wiboon	Rasmeepaisarn <sup>1</sup>	Director
9	Mrs. Bongkot	Rungkornpaisarn <sup>1</sup>	Director
10	Mr. Yongyos	Palanitisena	Director
11	Mr. Kijja	Smunyahirun	Director
12	Mr. Nataphong	Ratanasuwanthawee	Director

*Remarks:*

*Director has been appointed in the Annual General Shareholder Meeting no. 1/2016 on April 29, 2016.*

**Duties and Responsibilities of the Board of Directors**

1. To oversee the corporate governance with ethic for example making Code of Business Conduct for Directors, Management and employees of the Company as well as acknowledge rules and follow up on the implementation.
2. To consider approval of the business policies, targets, operation plans, business strategies and annual budgets of the Company.
3. To consider appointment of a person who possesses qualifications and does not possess any characteristics prohibited under the Public Company Act B.E. 2535 (1992) and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be Director in case there is a vacancy due to a cause other than retirement by rotation.
4. To consider appointment of Independent Directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchanges, notifications of the Capital Market Supervisory Board, including relevant rules, regulations and/or notifications of the Capital Market Supervisory Board, SET or propose to a shareholders' meeting for such appointment.
5. To consider appointment of Audit Committee members who have qualifications under the laws governing securities and exchange notifications of the Capital Market Supervisory Board, including rules, regulations and/or notifications of the SET.
6. To consider appointment of Executive Directors from among the directors or the management of the Company and prescribe their roles, powers, duties and responsibilities.
7. To consider appointment of sub-committee to assist in the operation according to the Board of Director's responsibilities



8. To appoint and change the names of Directors who can have the power to sign to bind the Company.
9. To nominate other person to manage the operations of the Company under the control of the Board or authorize the person to have power for the time period, as the Board deems appropriate. The Board may remove or change the power of the person.
10. To consider approval of transactions relating to acquisition or disposition of assets, except where such transactions require approval by a shareholders' meeting. Such approval must be in compliance with the notifications of the Capital Market Supervisory Board, and/or SET's relevant rules, regulations and/or notifications.
11. To consider approval of connected transactions, except where such transactions require approval from a shareholders' meeting. Such approval must be in compliance with the Capital Market Supervisory Board and/ or SET's relevant rules, regulations and/or notifications.
12. To consider approval for interim dividend payment when it considers that the Company has sufficiently profits to do so and to report such payment to the following shareholders' meeting. The Board of Directors shall elect a Director to be the Chairman. If it is deemed appropriate, the Board of Directors may consider electing one or many directors to be Vice Chairman, who shall be assigned by the Chairman to perform duties to conduct the Company's business according to the Articles of Association. The Board of Directors shall meet at least once every three months.
13. To perform with responsibility, caution, and faithfulness and conduct the Company's business according to the laws, Company's objectives, Articles of Association, and resolutions of the shareholders' meeting, except for matters required by law to be approved at shareholders' meetings, entering into connected transactions, and any purchase or sale of material assets pursuant to the regulations of the SET or those prescribed by other government authorities.
14. To perform duties with responsibility and caution, like a person with common sense, it will conduct business under the same situation.
15. To perform duties with honesty, the highest beneficially of the company. The aim are appropriate and it will not conduct conflicts with the benefit of the company significantly.
16. To provide with the Company's Secretary which he/she will response on behalf of the company or the Board of Directors in regard to the registration committee, the notice of meeting, the meeting report of the Board of Directors and/or Shareholders of including with the annual report.
17. To determine the company's visions, missions, directions and strategy by fully express opinions and share information that is beneficial for the determination of the company's direction.
18. To review and approve the company's key strategies, policies, objectives, plans, and financial goals as well as oversee and monitor the management team to consistently follow the set out plans to ensure effective and efficient implementation of visions, direction, and strategies.
19. To oversee that the company has credible accounting system, financial statements and audit system as well as efficient and effective internal auditing process
20. To consider key risk factors and determine comprehensive risk management strategy as well as oversee that the management team work under efficient risk management system and predict possible risks from new business opportunities.

21. To established guidelines for the careful consideration of transactions involving possible conflicts of interest for the company and its shareholders, whereby anyone having an interest in any agenda item must disclose such interest to the meeting, and foregoes the right to take part in deciding on that item.
22. To provide each group of shareholders with communication channels as well as monitor that the company has accurate, transparent, and credible information disclosure with high standard.

#### Executive Committee

Item	Name - Surname	Position
1	Mr. Nuttaphob Ratanasuwanthawee <sup>1</sup>	Chairman of the Executive Committee
2	Mr. Suppakit Duyapich	Member of Executive Committee
3	Mr. Yongyos Palanitisena	Member of Executive Committee
4	Mrs. Bongkot Rungkompaisarn <sup>1</sup>	Member of Executive Committee
5	Mr. Kijja Smunyahirun	Member of Executive Committee
6	Mr. Nataphong Ratanasuwanthawee	Member of Executive Committee

*Remarks:*

*Member of Executive Committee has been appointed in the Annual General Shareholder Meeting no. 1/2016 on April 29, 2016.*

#### Duties and Responsibilities of Executive Committee

1. To consider an annual budget allocation as proposed by the management before presenting it to the Board of Directors for approval including to consider and approve a change and addition to the annual budget allocation during the period of which no meeting of the Board of Directors and then present it to the Board of Directors for information in next meeting.
2. To approve Capital Expenditure in urgent case which if not to do so, it will cause damage to the Company. Such Capital Expenditure will be presented to the Board of Directors to rectify in next meeting.
3. To approve issues regarding improvement, change, reduction or expansion of the factory beyond the Business Plan and such issues will be presented to the Board of Directors to rectify in next meeting.
4. To approve new investments including joint ventures with other entrepreneurs in urgent case and such investment will be presented to the Board of Directors to rectify in next meeting.
5. To supervise and monitor and to be an advisor for the management regarding policies on finance, marketing, personnel administration and operations.
6. To supervise, monitor and manage risks of the Company.
7. To perform other act as assigned by the Board of Directors.

**Audit Committee**

<b>Item</b>	<b>Name - Surname</b>	<b>Position</b>
1	Assoc. Prof. Dr. Seri Wongmonta <sup>1</sup>	Independent Director
2	Mrs. Aree Termwattanapakdee	Independent Director
3	Mr. Sumit Petcharapirat <sup>1</sup>	Independent Director

*Remarks:*

*Audit Committee has been appointed in the Annual General Shareholder Meeting no. 1/2016 on 29 April 2016.*

**Duties and Responsibilities of the Audit Committee**

1. To review the Company's financial report to ensure that it is accurate and adequate in accordance with generally accepted accounting principles and it is a sufficient disclosure.
2. To review the Company's internal control (Internal Control) system and Internal Audit to ensure that they are appropriate and proficient.
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's Auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the Auditor at least once a year.
5. To consider the independency of the internal audit unit as well as to approve, appoint, transfer, dismiss the internal audit unit or any other unit which is responsible for the Internal Audit.
6. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the company.
7. To conduct, and to disclose in the Company's Annual Report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - an opinion on the adequacy of the Company's internal control system,
  - an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business,
  - an opinion on the suitability of the Auditor,
  - an opinion on the transactions that may lead to conflicts of interests,
  - the number of the Audit Committee's meetings, and the attendance of such meetings by each committee member,
  - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors; and
8. To engage an advisor or specialist to give opinion or consultation as necessary.
9. To invite the management or any relevant person of the Company attending in meetings or giving additionally related information.

10. To review the Audit Committee's charter at least once a year and present to the Board of Directors for approval in the event where there is any change thereof or present the Board of Directors for information in the event of no change.
11. To perform any other act as assigned by the Board of Directors, with the approval of the Audit Committee.

### **Recruitment of Director**

Appointment of the Company's directors, shall comply with the following procedures:

1. The Board of Directors' meeting and the Chairman of the meeting shall be presented nominated persons to be directors to vote the said persons one person one time.
2. Each director has one voting right.
3. That person who has the highest votes shall be appointed to be the director respectively equal to the number of the directors which should have or appoint at that time. The chairman shall have a casting vote.

### **Monitoring and Supervising the Operations of the Subsidiary Company and Associate Companies**

In the past, the Company has appointed persons to be the subsidiary company's director and management.

### **Supervision of Internal Information Use**

NFC Fertilizer Public Company Limited is the company which registered in Securities and Exchange of Thailand. The Company has essential policy to manage and proceed for equity and justice to all shareholders. Therefore, internal information or substantial data regarding variation of securities price which has not disclosed to public, it shall be deemed as internal information for engage of business and confidential of the Company. In the event that aforesaid internal information to be disclosed to public, it will impact share value of the Company which be sale and purchase in Securities and Exchange. Hence, director, executive and every rank of personnel must keep internal information as confidential and not to disclose internal information to the third person or exploitation from sale and purchase of securities in bad faith or detriment of Company whether direct or indirect and not disclose confidential information of the Company to business competitor, even though director, executive and personnel will no longer be a director, an executive and personnel of the Company. The Company has a policy to prevent of taking internal information of the Company for exploitation as follows:

1. To inform director and executive to understand duties and obligations of report of Company's securities held by themselves, couple and children below legal age including report of Company's securities transfer according to Section 59 and the penalty of Section 275 subject to the Securities and Exchange Act 1992
2. To limit of access of internal information. Only director, executive, personnel or concerned person as necessary and stipulate authorization of personnel who has authority to disclose information of the Company.
3. To submit a circular informing blackout period of Company's securities and prohibit to disclose internal information, balance sheet information within 1 month prior disclose information to public and within 24 hours after disclose aforesaid information to director, executive including concerned person (couple and children below legal age of director and executive) and any management to perform terms in such period.

4. To stipulate a director, executive including concerned person (couple and children below legal age of director or executive) to declare to board of director of the Company or designated person regarding sale and purchase share of the Company at least 1 day in advance prior purchase securities.
5. To keep confidential information of the Company and prevent confidential document or data of the company to not disclose or expose to unconcerned person which might create a detriment to the Company.
6. To stipulate rules and regulations regarding strictly security of computer and information technology of the Company.

**Audit Fee**

Audit Fee

The Annual General Shareholders Meeting 2016 has approved the Company's Auditor remuneration for the year 2016 in the amount of Baht 1,270,000.

**Non-Audit Fee**

- None -

### **Corporate Social Responsibility**

Corporate Social Responsibility - CSR is one of principles NFC Fertilizer Public Company Limited has placed importance for its business operations. The Company realizes that the organization's sustainable growth must depend on vision, ability with moral and ethics for business operation with the principal of Good Governance and community and social responsibilities as well.

#### **CSR in process**

The Company has focused on and drawn attention to be in compliance with the business rehabilitation plan to achieve it for benefits of all creditors. In addition, the Company has aimed for performing the work in accordance with the principles, policies and operational directions as specified by the Board of Directors in transparency, good governance, and, taking into account of interest of all groups of stakeholders under the law and business ethics.

The Company has given importance to the rights of all groups of stakeholders, by fairly treating them whether they are employees, debtors under the business rehabilitation plan, trade account payables during the time of performing under the business rehabilitation plan, customers, and shareholders as well as communities and the environment surrounding the factory. In the past, the Company placed importance to the environment and safety by operating the factory to be in accordance with the rules and regulations of Map Ta Phut Industrial Estate strictly.

All this, the Company has well realized that the employees are invaluable resource of the Company as a starting point of responsibilities in vision and mission of the organization. The Company, therefore, has emphasized to develop its management and employees to be talented and good under the same roof of the corporate culture. The Company has prioritized the management and development of personnel to obtain knowledge, expertise, profession including being happy at work and having awareness of social responsibilities. In addition, the Company has placed the employees in equality, given appropriate and fair remuneration and welfares and has provided systems of communications and entertaining activities in the organization implementing a good relationship between the employees and the management. Furthermore, the Company has provided them personal protective equipment as necessary according to the nature of work and has strict rules and procedures on working at the Company's factory and pier area.

In addition, the Company aims for providing goods and service users the highest benefit of quality and fair price by

- Yearly customer visit will be participated by the Company's top management to build trustiness, good relationship and gathering suggestion from the customer.
- Quarterly preventive maintenance the Company's tank and equipment which located at the customer's plant will be done by the professional teams.
- Providing operation procedure and safety standard seminar to customers as per their requested.
- Providing communication or complaint system in case of having the poor quality of goods and services. Referred from Zero Complaint Policy.

Besides, the Company considers that occupational health, safety and environment management as an integral part of engaging the business of manufacturing and distributing chemical fertilizers, ammonia sulfuric acid as well as providing services of pier area. Therefore all activities must comply with the law and

international standards. The Company has fostered and created the awareness of the priority of keeping the quality of occupational health, safety and environment, and the implementation of social responsibility to employees and concern persons in order to prevent from causing an impact to the quality of life of the communities surrounding the Company, society and environment.

#### **CSR after process**

The Company has coordinated and supported activities of communities and government agencies regularly and continuously. In 2015, the Company has supported and arranged a social activity of Industrial Estate Authority of Thailand, the Marine Department, local police station and government agencies and has participated in support of projects relating to education, religion and traditions in the communities surrounding the factory as same as over past years'.

#### **Anti-Corruption**

The Company has communicated all level of director, management and employees by specifying that all process of operations will be in compliance with the scope of law strictly or if any fault arising in the process of operations due to negligence, will be punished by the government without finding ways to avoid such offence.

**Internal Control**

In the Board of Directors' meeting no. 2 / 2016 on March 2, 2016 with two (2) Audit Committees. They mutually reviewed and evaluated the Internal Control system of the Company in 5 compositions: Organizational Internal Control, risk evaluation, operational control, information technology and communications system, and follow-up system. The Board was of opinion that the Company's Internal Control system is appropriate and adequately. Therefore, the Company has provided sufficient personnel to perform the work in accordance with the system proficiently and protect the Company's assets from exploitation or unauthorized use of any director or the management including any transaction with other person which may have conflict of interest and related persons sufficiently. For other topics of the Internal Control, the Board considered that the Company's Internal Control is also adequate.

**Details of the Internal Audit Manager**

Name-Surname	Miss Waraporn Ittithamrong
Position	Internal Audit Manager
Education	Master Degree of Management and Administration, Rangsit University
	Bachelor Degree of Statistics, Chulalongkorn University
Experience	Manager of Finance Division of Thai Puff Manufacturing Company Limited (January 2006 - November 2015)
	Consultant of Post Forming Industry (Thailand) Company Limited (October 2006 – November 2010)
	Manager of Internal Audit Department of NFC Fertilizer Public Company Limited (2002-2005)
	Manager of Finance Division of NFC Fertilizer Public Company Limited (2000-2001)
	Manager of Finance Section of NFC Fertilizer Public Company Limited (March 1995-2000)
Duties and Responsibilities	<p>The Internal Audit Department has duties and responsibilities of internal audit of the Company and report the Audit Committee and the management as follows:</p> <ol style="list-style-type: none"> <li>1. To review the Company's financial report to ensure that it is accurate and adequate in accordance with generally accepted accounting principles.</li> <li>2. To review working systems which impact the operations and report that the Company's compliance with policies, working plans and practical rules including the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws relating to the Company's business</li> <li>3. To review the appropriateness of the asset management system including examine that such assets are existing and proficiently used.</li> <li>4. To review the Company's Internal Control system to develop and improve it to be proficient and appropriate.</li> <li>5. To review the internal control of information technology system to ensure that it can process accurately, completely and timely and it has kept the information safely.</li> <li>6. To review the improvement of the operational improvement that it has been improved and developed continuously.</li> <li>7. To perform any other act relating to the Internal Audit as assigned by the Audit Committee and the management.</li> </ol>



**Related Transactions**

Related transactions arising among the Company and its subsidiary company and those who may be in conflict in 2016 as indicated in the notes to financial statement, Note 9 were as follows:

A person who may be in conflict/  Nature of the relationship	Nature of the transaction	Value (million Baht)		Pricing Policy
		2016	2015	
Rayong Bulk Terminal Company Limited  - Holding shares in Rayong Bulk Terminal Company Limited at 83.25 percent - Having jointly directors - Having jointly executives	- Revenue from Rendering Services and Other Income - Service Fees - Trade Account Receivable and Other Accounts Receivable - Trade account Payable and Other Accounts Payable	- - - -	- - - -	Agreed price
Chemicals and Aromatics (Thailand) Co., Ltd  - Having jointly directors - Having jointly executives	- Revenue from Sales and other income - Service fee - Trade Account Receivable and Other Accounts Receivable - Trade account Payable and Other Accounts Payable - Unearned Revenue from the Sale - Services Fee	234,787 669 - 4,709 - 1,469	599,242 493 52 4,766 2,561 -	Agreed price
SC Carrier Company Limited  - Being a shareholder of the Company and holding 2.17 percent of shares - Having jointly shareholders and directors - Having jointly executives	- Revenue from Rendering Services and Other Income - Service Fees - Trade Account Receivable and Other Accounts Receivable - Trade account Payable and Other Account Payable - Deposit	1,139 51,082 575 13,099 499	27 23,494 16 24,213 499	Agreed price
SC Management Company Limited  - Having jointly shareholders and directors - Having jointly executives	- Revenue from Rendering Services and Other Income - Service Fees - Trade Account Receivable and Other Accounts Receivable - Trade account Payable and Other Account Payable - Debts under the guarantee	13,365 1,474 2,869 7,361 -	42,591 945 29,903 1,769 21,110	Agreed price
NP Marine Company Limited  - Having jointly shareholders and directors	- Revenue from Rendering Services and Other Income - Services Fee	3,905 47	23 -	Agreed price

A person who may be in conflict/  Nature of the relationship	Nature of the transaction	Value (million Baht)		Pricing Policy
		2016	2015	
- Having jointly executives	- Trade Account Receivable and Other Accounts Receivable	694	-	
	- Trade account Payable and Other Account Payable	18	-	
SC Logistics Company Limited	- Revenue from Rendering Services and Other Income	1,198	5	Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable and Other Accounts Receivable	1,282	5	
- Having jointly executives	- Trade account Payable and Other Account Payable	-	4	
SC Offshore Service Company Limited	- Revenue from Rendering Services and Other Income	6,460	2,228	Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable and Other Accounts Receivable	6,814	53	
- Having jointly executives				
NP Marine Logistics Company Limited				Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable and Other Accounts Receivable	-	-	
- Having jointly executives				
Neco-Trans Siam Co., Ltd. (Formerly "AMT-SC (Thailand) Co., Ltd.")	- Revenue from Rendering Services and Other Income	139	-	Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable and Other Accounts Receivable	-	-	
Platinum Emerald Company Limited	- Revenue from Rendering Services and Other Income	5,998	18,799	Agreed price
- A corporation of the Company having jointly shareholders and directors	- Trade Account Receivable	21,327	40,230	
SCENA Offshore Co., Ltd.	- Revenue from Rendering Services and Other Income	2,866	847	Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable	407	9	
- Having jointly executives				
Natural Fuel Industries Co., Ltd.	- Trade Account Receivable and Other Accounts Receivable	9,951	9,951	Agreed price
- Having jointly shareholders and directors	- Trade account Payable and Other Account Payable	1,730	1,730	
SC Corporation Company Limited	- Trade Account Receivable and Other Accounts Receivable	-	9	Agreed price
- Having jointly shareholders and directors		-	10	
Thai International Dockyard Co., Ltd.	- Services income	2,059	-	Agreed price
- Having jointly shareholders and directors	- Trade Account Receivable and Other Accounts Receivable	20	-	

## **Management Discussion and Analysis**

### **Business Overview**

In 2016 for the year ended December 31, 2016, the Company had acquisition and partial transfer from Chemicals and Aromatics (Thailand) Co., Ltd. amount Baht 282.90 million which this company is a related company. The transfer is considered a business combination under common control and the comparative consolidated and the separate statements of financial position as at December 31, 2015 and 2014, the consolidated statements of profit or loss and other comprehensive income and changes in shareholders' equity and cash flows and separate statements of profit or loss and other comprehensive income and changes in shareholders' equity and cash flows for the year ended December 31, 2015 have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.

The purpose of purchasing and accepting some business from related companies to create added value in import business and completed Ammonia distribution of the company to enhance your company's competitiveness and marketing including expanding the base to other chemicals in the future. It also increases revenue and consistency return. The Company has issued new ordinary shares for such business. 1,768,106,235 shares, with a par value of Baht 0.16 per share, totaling Baht 282.90 million, were paid for the partial acquisition and transfer of such business.

The Company has issued new ordinary shares for such business 1,768,106,235 shares with a par value of Baht 0.16 per share, totaling Baht 282.90 million, were paid for the partial acquisition and transfer of such business.

After that, the Company changed the par value from Baht 0.16 per share to Baht 0.50 per share. 8,498,695,750 shares to 2,719,582,640 shares

In 2015, the Supreme Court issued a petition for a rehabilitation petition in response to a judgment of the Central Bankruptcy Court. As a consequence, the Industrial Estate Authority of Thailand had appealed to the Supreme Court since 2009. The order for such rehabilitation has no effect on any action. The official receiver or the plan administrator has done before the Supreme Court to order. Currently, the company is listed company in stock exchange. In the case of Thailand, which has been removed from the business rehabilitation process through the Central Bankruptcy Court, the authority to manage the Company's assets is retained by the Company's management and consequently, the shareholders come back with legal rights

Subsidiary Still in custody under the orders of the bankruptcy court. As a result, the Company has not been able to resume normal business since 2011. The subsidiary has no operating income while there are costs and expenses under the contract. Also, in March 2015, the Central Bankruptcy Court issued a petition for a subsidiary to dispute the order of the Official Receiver made the joint venture agreement between the subsidiary and the Industrial Estate Authority of Thailand has been completed. The above factors have a material impact on the value of the use of the berth including other assets in the financial statements of subsidiaries. During the year, the subsidiary has amortized the right to use the port of Baht 510 million from the account.

## **Operating results**

### **Operating results of the Company and its subsidiary**

For the year 2016, the net profit for the year ended of the Company and its subsidiary were Baht 403.24 million, which allocated profit to portion of the Company's shareholder amounting to Baht 397 million increasing Baht 316.73 million or equivalent to 394.59% comparing with the comprehensive income - portion of the Company's shareholders for last year Baht 80.28 million because of Revenue from sales and services of the Company and its subsidiary were Baht 1,024.01 million, decreased to Baht 137.20 million or equivalent to 11.81% from the year of 2015 divided to Revenue from sales of chemical products Baht 867.50 million, decreased to Baht 151.37 million, or equivalent to 14.86% and Revenue from services Baht 156.51 million, increased to Baht 14.18 million, or equivalent to 9.96% comparing with the last year. From the result of the year 2016, the Company had lower revenue from sales, but net profit increased because the company can manage the cost much better. As a result, gross profit margin increased by Baht 60.81 million or equivalent to 38.33% due to the increase in Ammonia profit from sales of Baht 51.70 million. Sales of Ammonium hydroxide increased by Baht 3.83 million. The profit from sales of Sulfuric acid increased by Baht 5.28 million as compared to the year 2015. Moreover, the profit from service increased by Baht 17.15 million as compared to net profit of the year. The Company has a revaluation of its assets by an independent appraiser using the current valuation methodology, subject to the principles set out in the Company's accounting policy, which requires a reversal of allowance for impairment of assets of Baht 244.24 million. Million baht in 2016.

In 2015, overall economic slowdown, Rubber prices fall and the customer group using Ammonium as a raw materials for production were not expand capacity, Ammonia sales were near the volume of year 2014, but the company had changed the distribution method and delivers its products to customers. The sales price structure has been adjusted. As a result, the company earned more revenue from sales of Ammonia Baht 169.08 million. For sales of sulfuric acid in 2015 increased by 33% compared to sales in 2014, as customers were exported to neighboring countries. As a result, the Company's revenue from sales of sulfuric acid increased by Baht 129.64 million. This includes the revenue from the customer's use of the company's berths, Revenue from bulk warehousing services and Revenue from services of loading and unloading, the service charge for sulfuric acid storage tanks in 2015 was 142.33 million baht, an increase of Baht 21.14 million or equivalent to 17 % compared to the revenue of 2014.

In 2015, there was a significant impact on the value of the right to use the port including other assets in the financial statements of subsidiaries. During the year, the subsidiary company amortized Baht 509.93 million of depots. As a result, the Company and its subsidiaries had a net profit of Baht 73.39 million in 2015. Therefore, the Company had to record loss on impairment of investment in subsidiary Baht 636.00 million. The Company's net loss for the year 2015 was Baht 280.02 million.

Therefore, the significant changes of the Company and its subsidiaries can be summarized as follows:

- In 2016, the Company and its subsidiaries had total revenues from sales and services of Baht 1,024.01 million, a decrease of Baht 137.20 million or equivalent to 11.81% from the previous year Baht 1,161.20 million, resulting from the decrease in sales of chemical products by Baht 151.37 million or equivalent to 14.86 % due to the decrease in the average selling price of sulfuric acid, which was significantly

lower than that of the previous year. In addition, the Company and its subsidiaries also recorded service income of Baht 156.51 million, an increase of Baht 14.18 million or equivalent to 9.96% from the previous year. The revenue from services amounted to Baht 142.34 million.

In 2015, the Company and its subsidiaries had total revenues from sales and services of Baht 1,161.20 million, an increase of Baht 319.87 million or equivalent to 38.02% from the previous year, with total sales and service income of Baht 841.33 million because the company can sell more chemical products and sulfuric acid price in the world market had increased compared to last year. In addition, the company had changed the selling method and pricing structure of Ammonia sales to customers. From August 2015, as a result, the revenue from sales of chemical products increased by Baht 298.72 million or equivalent to 41.48% from the same period of last year. The Company and its subsidiaries also recorded service income from Baht 142.34 million increased of Baht 21.15 million or equivalent to 17.44% as compared to the revenue of the year 2014, with the service income of Baht 121.19 million.

- In 2016, the cost of sales and services of the Company and its subsidiaries was Baht 696.13 million, a decrease of Baht 215.15 million or equivalent to 23.61% from Baht 911.28 million in the previous year. The cost of chemical products decreased by Baht 212.18 million or equivalent to 24.67% due to lower sales volume of ammonia. Including the price of sulfuric acid and ammonia in the world market decreased. In addition, service cost was Baht 48.06 million, a decrease of Baht 2.97 million or equivalent to 5.82% from the previous year. As a result, the Company and its subsidiaries had gross profit of Baht 327.87 million, an increase of Baht 77.95 million or equivalent to 31.19% compared to the previous year, gross margin was only Bt. 249.92 million. Ammonia sales volume decreased including the price of sulfuric acid and ammonia in the world market decreased.

In 2015, the cost of sales and services of the Company and its subsidiaries amounted to Baht 911.28 million, increased of Baht 202.36 million or equivalent to 28.54 % from Baht 708.91 million comparing to the year 2014 due to the increased cost of chemical products Baht 183.39 million or equivalent to 27.09 % and service cost increased by Baht 18.97 million or equivalent to 59.18 % comparing to the year 2014.

- In the year 2016, the Company had other income Baht 5.55 million, Debt forgiveness from a bank's legal claim amounting to Baht 18.54, Reversal of allowance for impairment on assets amounting to Baht 244.24 million, Reversal of allowance for doubtful accounts amounting to Baht 24.90 million and Reversal of provision for gypsum relocation amounting to Baht 0.25 million, thus, the Company and its subsidiary's gross profit amounting to Baht 621.35 million, decreased to Baht 215.13 million or equivalent to 25.72 % from a profit of prior year amounting to Baht 836.47 million baht in 2015.

In 2015, the Company and its subsidiaries had other income of Baht 1.64 million, gain on debt restructuring of Baht 258.29 million, and provision for gypsum relocation amounting to Baht 30.96 million. Reversal of allowance for doubtful accounts amounting to Baht 44.99 million. The Baht and the reversal of accrued benefit and contingent liabilities of Baht 250.66 million, the Company had a profit before expenses Baht 836.47 million, increased to Baht 699.18 million or equivalent to 509.27 from the profit of Baht 137.29 million in 2014.

- In the year 2016, the company and its subsidiary's total expenditure was amount Baht 224.39 million, decreasing to Baht 540.08 or equivalent to 70.65% compared to the last year, cost of sales and administrative expenses amount Baht 124.03, Expenses from suspension of production factory amount Baht 94.93 million, Loss from impairment of other long - term investment amount Baht 0.30 million, Expenses from temporary suspension of pier amount Baht 0.20 million, and financial cost amount 5.12 million, resulting of the Company and its subsidiary had profit before income tax amount Baht 396.95 million.

In 2015, total expenditure was amount Baht 764.47 million, consisting of Selling and administrative expenses of Baht 96.52 million, Expenses from temporary suspension of pier amount Baht 509.93 million, Loss from liability from guarantee Baht 35.20 million, Expenses from temporary suspension of pier amount Baht 40.97 million, Expenses from suspension of production factory amount Baht 67.05 million and the financial cost is 14.80 million baht, resulting in a loss before income tax amount Baht 72.00 million.

- In addition for the year 2015, the Company and its subsidiaries had a deferred income tax of Baht 6.29 million, resulting in a net profit of Baht 403.24 million or a basic earnings per share of Baht 0.16 per share. The net loss of Baht 1.39 million has a net profit of Baht 73.39 million or equivalent to a basic earnings per share of Baht 0.05 per share.

#### ■ Profitability

In 2016, the Company and its subsidiary company had the gross profit margin of 32.02% because the company has lower revenue from sales but net profit increased because the company and its subsidiaries can manage the cost much better and gross profit margin on sales of chemical products increased, while the net profit margin was 30.46%, because in 2015, the Company and its subsidiaries recorded a write-off Expenses from temporary suspension of pier.

In 2015, the Company and its subsidiaries had a gross margin of 21.52%, while their net profit margin was 4.96%, due to higher revenues from the sale of chemical products; Ammonia and Sulfuric acid. Moreover, the Company and its subsidiaries had gain on debt restructuring, Reversal of provision for gypsum relocation and the reversal of accrued interest and joint operating liabilities.

#### ■ Asset Management

In 2016, the Company and its subsidiaries had an Account receivable turnover ratio of 14.85 times and average collection period of 24 days, while having Inventory turnover ratio of 5.08 times and average selling period of 71 days with a yield of 53.90%

In 2015, the Company and its subsidiaries had an Account account receivable turnover ratio of 44.98 times and average collection period of 8 days, while having inventory turnover ratio of 6.87 times and average selling period of 52 days, with return on assets of 10.46%

#### ■ Liquidity and Sufficiency of the Company's Fund

Considering the liquidity and the adequacy of working capital, the Company and its subsidiaries have a liquidity ratio of 2.33 times in 2016, increased of approximately 1.49 times compared to the year 2015. The average collection period was 24 days, the sales period was 71 days and the repayment

period was 24 days, resulting in a cash cycle of approximately 71 days, because in 2016, the company had purchased and transferred some of its business from C&A, and able to better cost management. As a result, operating profit and cash flow from operating activities were Baht 66.82 million. In addition, the Company and its subsidiaries had a debt to equity ratio of 0.36 times decreased to 2.60 times compared with 2015 and a Interest coverage ratio of 14.06 times, increased of 9.10 times compared to the year 2015 because in 2015, the Company and its subsidiaries had been able to repay the debts under the rehabilitation plan almost completely. The remaining debts were forgone and the interest was unpaid.

In 2015, for liquidity and sufficiency of working capital, the Company and its subsidiaries have a liquidity ratio in 2015 of 0.84 times increased to 0.37 times compared to 2014, while the collection period, an average of 8 day, Sale period of 52 days and a repayment period of 22 days. Resulting to cash Cycle was about 39 days because being during the rehabilitation process required companies to collect money from customers to pay in advance for raw materials from abroad as well as in 2015. The Company has changed the method of sale and delivery of Ammonia including a new sales price structure. The company generated operating profit and net cash flow from operating activities of Baht 58.55 million and debt to equity ratio was 2.96 times, an increase of 8.00 times compared with 2014 and its interest coverage ratio was 4.96 times decreased to 4.22 times comparing to 2014, due to the Company's ability to increase capital to repay debt under the rehabilitation plan almost completely. Therefore, the remaining debts and accrued interest receivable totaled Baht 305 million.

### **Operating results of the Company**

For the year ended December 31,2016, the Company's profit was Baht 407.72 million increased to Baht 687.74 million comparing to last year with a net loss Baht 280.02 million and the significant changes of the Company can be summarized as follows:

- In 2016, the Company had total revenues from sales and services of Baht 1,026.63 million, a decrease of Baht 137.19 million or equivalent to 11.78% resulting from the decrease in sales of chemical products by Baht 151.73 million or equivalent to 14.85 % and service income increased of Baht 14.17 million, or equivalent to 9.77% compare with the year 2015 because the Company managed the cost better result to increase gross profit of sales of chemical products.

In 2015, the Company had total revenues from sales and services of Baht 1,163.82 million, a increase of Baht 319.87.19 million or equivalent to 37.90% resulting from the increase in sales of chemical products by Baht 298.73 million or equivalent to 41.48% and service income increased of Baht 21.14 million, or equivalent to 17.07% compare with the year 2015 because the Company could sell more of their chemical products and changed the selling method and pricing structure of their Ammonia directly to the customers as mentioned above. As a result, the company earned more revenue from the sale of chemical products.

- In 2015, the cost of sales and services of the Company amounted to Baht 696.13 million, decreased of Baht 215.15 million or equivalent to 23.61 % due to the Company managed the cost better result the gross margin was Baht 330.50 million increased by Baht 77.95 million from the last year or equivalent to 30.86 %.

In 2014, the cost of sales and services of the Company amounted to Baht 911.28 million, increased of Baht 202.36 million or equivalent to 28.55 % due to the Company managed the cost better result the gross margin was Baht 252.55 million increased by Baht 117.96 million from the last year or equivalent to 87.08 %.

- In the year 2016, the Company had other income Baht 5.37 million, Reversal of allowance for doubtful accounts Baht 23.66 million, Debt forgiveness from a bank's legal claim amounting to Baht 18.54, Reversal of provision for gypsum relocation amounting to Baht 0.25 million, and Reversal of allowance for impairment on assets amounting to Baht 244.24 million thus, the Company had a gross profit before expenses Baht 622.55 million, increased to Baht 32.52 million or equivalent to 5.51 % from a profit of year 2015 amounting to Baht 590.02 million.

In 2015, the Company had other income of Baht 1.26 million, gain on debt restructuring of Baht 305.24 million, and provision for gypsum relocation amounting to Baht 30.96 million, thus, the Company had a gross profit before expenses Baht 590.02 million, increased to Baht 450.38 million or equivalent to 322.52 % from a profit of year 2015 amounting to Baht 139.64 million.

- In the year 2016, the total expenditure was amount Baht 221.12 million, include of selling and administrative Baht 121.29 million, Loss from impairment of investment in subsidiary Baht 0.30 million, Expenses from suspension of production factory Baht 94.93 million and financial cost Baht 4.60 million caused the Company had a profit before income tax Baht 401.43 million.

In the year 2015, the total expenditure was amount Baht 871.43 million, include of selling and administrative Baht 95.51 million, Loss from impairment of investment in subsidiary Baht 636.00 million, Loss from liability from guarantee Baht 35.20 million, Expenses from suspension of production factory Baht 67.05 million and financial cost Baht 14.28 million caused the Company had a profit before income tax Baht 281.41 million.

- In addition for the year 2015, the Company had a deferred income tax of Baht 6.29 million, resulting in a net profit of Baht 407.72 million or a basic earnings per share of Baht 0.16 per share. In the 2015, the Company had a deferred income tax of Baht 1.39 million, thus the net loss of the year was Baht 280.02 million or equivalent to a basic earnings per share of Baht 0.21 per share.

#### ■ Profitability

In 2016, the Company had the gross profit margin of 32.19 % because the company has lower revenue from sales but net profit increased because the company can manage the cost much better and gross profit margin on sales of chemical products increased, while the net profit margin was 30.77%, because in 2015, the Company and its subsidiaries recorded a write-off Expenses from temporary suspension of pier.

In 2015, the Company had a gross margin of 21.70 %, due to higher revenues from the sale of chemical products; Ammonia and Sulfuric acid, and more customers using the port, while their net loss margin was (23.39%), because of Loss from impairment of investment in subsidiary caused a net loss over the year 2014.



■ **Asset management**

In 2016, the Company had an Account receivable turnover ratio of 14.91 times and average collection period of 24 days, while having Inventory turnover ratio of 5.08 times and average selling period of 71 days with a yield of 58.69% because of Reversal of allowance for impairment on assets.

In 2015, the Company had an Account account receivable turnover ratio of 32.55 times and average collection period of 11 days, while having inventory turnover ratio of 6.87 times and average selling period of 52 days with Return on assets of (37.82%), because the Company recorded a provision for obsolete inventories for and non movement of spare parts, including provisions for impairment of assets in the year 2015.

■ **Liquidity and Sufficiency of the Company's Fund**

Considering the liquidity and the adequacy of working capital, the Company had a liquidity ratio of 1.85 times in 2016, increased of approximately 1.09 times compared to the year 2015. The average collection period was 24 days, the sales period is 71 days and the repayment period was 48 days, resulting in a cash cycle of approximately 47 days, because in 2016, the company had purchased and transferred some of its business from C&A, and able to better cost management. As a result, operating profit and cash flow from operating activities were Baht 66.82 million. In addition, the Company and its subsidiaries had a debt to equity ratio of 0.45 times decreased to 8.50 times compared with 2015 and a Interest coverage ratio of 105.13 times, increased of 141.82 times compared to the year 2015 because in 2015, the Company had been able to repay the debts under the rehabilitation plan almost completely. The remaining debts were forgone and the interest was unpaid.

In 2015, the liquidity and the adequacy of working capital, the Company had a liquidity ratio of 0.76 times in 2015, slightly decreased of approximately 0.05 times compared to the year 2014. The average collection period was 11 days, the sales period was 52 days and the repayment period was 31 days, resulting in a cash cycle of approximately 33 days, because being during the rehabilitation process required companies to collect money from customers to pay in advance for raw materials from abroad as well as in 2015. The Company has changed the method of sale and delivery of Ammonia including a new sales price structure. The company generated operating profit and net cash flow from operating activities of Baht 130.45 million and debt to equity ratio was 8.95 times, decreased of 35.75 compared with 2014 and its interest coverage ratio was 10.13 times increased to 0.17 times comparing to 2014, due to the Company's ability to increase capital to repay debt under the rehabilitation plan almost completely. Therefore, the remaining debts and accrued interest receivable totaled Baht 305 million.

**Financial position**

**Financial position of the Company and its subsidiary company**

For the year ended 31 December, 2016, the Company and its subsidiaries had total assets of Baht 1,024.61 million, total liabilities of Baht 273.87 million and shareholders' equity of Baht 750.75 million or book value of Baht 0.28 per share, and as of December 31, 2015, the Company and its subsidiaries had total assets of Baht 471.53 million, total liabilities of Baht 352.41 million, and net shareholders' equity of Baht 119.12 million or a net share value was Baht 0.04 per share and the significant as follows:

- In FY2016, total assets increased by Baht 553.08 million or 117.29% compared to the Year 2015 due to the acquisition and transfer of some assets from Chemical and Aromatics (Thailand) Co., Ltd., and appraised the value of additional assets by independent appraisers, subject to the criteria set out in the Company's accounting policies. The rising share of assets was the current assets increased by Baht 115.48 million and non-current assets increased Baht 437.60 million, or equivalent to 48.21% and 188.61% respectively, and in 2015, total assets decreased Baht 459.59 million, or equivalent to 49.36% compared to the year 2014, divided to current assets increased Baht 48.37 million or equivalent to 25.30% and non-current assets decreased by Baht 507.96 million or equivalent to 68.64 %, caused the amortization of the right to use the port of subsidiaries in 2015.
- In 2016, the Company and its subsidiaries had total liabilities were Baht 273.87 million, consisting of current liabilities of Baht 152.46 million and non-current liabilities of Baht 121.40 million, decreased by Baht 78.54 million or 22.28% from the previous year 2015 because in the year 2016, the Company was not record the accrued expenses under contract with IEAT of subsidiary, including the deferred tax liabilities were increased. In 2015, total liabilities decreased by Baht 901.33 million or equivalent to 71.89% comparing with the year 2014, divided to the current liabilities increased by Baht 292.52 million or equivalent to 51.00% and non-current liabilities decreased by Baht 605.81 million or 89.83 % comparing to the year 2014 due to repayment under rehabilitation plan in the year 2015.
- In 2016, the Company and its subsidiaries had shareholders' equity of Baht 750.98 million, increase to Baht 632.58 million or 534.26% from the year 2015, with shareholders' equity of Baht 118.40 million and in 2015, shareholders' equity of the Company and its subsidiaries increased by Baht 484.80 million compared with the year 2014, the Baht shareholders' equity was Baht (366.39) million. As at June 2016, the Company had allotment of new ordinary shares amount of 1,768,106,235 shares at the par value of Baht 0.16 per share, totaling Baht 282.90 million, and registered the paid-up capital of Baht 1,359.79 million, divided into 8,498,695,750 shares at the par value of Baht 0.16 per share. Then, the Company changed the par value from Baht 0.16 per share to Baht 0.50 per share, resulting in a change in the number of original shares amount 8,498,695,750 shares to 2,719,582,640 shares and the statement of financial position of the Company and subsidiaries as at December 31, 2016, audited by the auditor of the Company reported the shareholders' equity of the Company was Baht 750.98 million or Baht 0.28 per share.
- In December 2015, the Company increased its registered capital to a private placement amount of Baht 340 million to repay debts to creditors in accordance with debt restructuring request or creditors under the original rehabilitation plan. As a result, the Company can restructure debt more than 75%.

#### **Financial position of the Company**

For the year ended December 31, 2016, the Company had total assets of Baht 982.84 million, total liabilities of Baht 305.88 million and shareholders' equity of Baht 676.96 million or book value of Baht 0.25 per share, and as of December 31, 2015, the Company and its subsidiaries had total assets of Baht 406.51 million, total liabilities of Baht 365.65 million, and net shareholders' equity of Baht 40.86 million or a net share value was Baht 0.02 per share and the significant as follows:

- In FY2015, total assets increased by Baht 576.33 million or 141.76% compared to the Year 2015 due to the acquisition and transfer of some assets from Chemical and Aromatics (Thailand) Co., Ltd., and appraised the value of additional assets by independent appraisers, subject to the criteria set out in the Company's accounting policies. The rising share of assets was the current assets increased by Baht 115.48 million and non-current assets increased Baht 460.74 million, or equivalent to 51.11% and 255.48% respectively, and in 2015, total assets decreased Baht 581.59 million or equivalent to 58.86% compared to the year 2014, divided to current assets increased Baht 28.30 million or equivalent to 14.30% and non-current assets decreased by Baht 609.98 million or equivalent to 77.18 %.
- In 2016, the Company's total liabilities were Baht 305.88 million, consisting of current liabilities of Baht 184.48 million and non-current liabilities of Baht 121.40 million, decreased to Baht 59.77 million or equivalent to 16.35% comparing with the year 2015. Total liabilities decreased by 669.92 million baht or equivalent to 64.69%, divided to the current liabilities increased by Baht 53.46 million or equivalent to 21.94% and non-current liabilities decreased to Baht 723.38 million or 91.34% from the year 2014 due to repayment under rehabilitation plan.
- In 2016, the Company's shareholders' equity was Baht 676.96 million, increased to Baht 636.10 million or equivalent to 1,556.89 % from the year 2015 which was Baht 40.86 million, The shareholders' equity of the Company increased by Baht 88.33 million compared with Baht (47.47) million of the Company's shareholders in 2014.

#### **Factors which may impact the operations in future**

The Company's securities have been categorized in the Non-Performing Group: NPG, currently, in phase 3, expired on March 10, 2014 and have been extended the time to remedy the cause of withdrawal for another 3 years that are: 31 March 2015, 2016, and 2017, respectively. The Stock Exchange of Thailand has notified the Company in writing that the Company should speed up to be qualified with in March 31, 2015, and the Company should submit a petition for releasing from the cause of withdrawal and deliver the audited financial statement as at December 31, 2016 by the certified public auditor as well as explanation or supportive or useful documents to the Stock Exchange of Thailand.

If the Company cannot remedy it within March 31, 2017, the Stock Exchange of Thailand may not extend the to remedy the cause of withdrawal, resulting the Company's securities to be withdrawn from listed securities in the Stock Exchange of Thailand. However, the Company predicts that it will be able to submit the petition for releasing from the cause of withdrawal within the said time.

## Significant Financial Information

### Summary of financial position And the performance of the company

#### Balance Sheet

(Unit : Thousand Baht)

	CONSOLIDATED F/S As at 31 December						SEPARATE F/S as at 31 December					
	2016	%	2015	%	2014	%	2016	%	2015	%	2014	%
			(Restated)		(Before acquisition)				(Restated)		(Before acquisition)	
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	84,491	8.25	27,817	5.90	10,385	1.12	83,913	8.54	27,252	6.70	9,952	1.01
Restricted cash - Legal Execution	5,498	0.54	5,499	1.17	5,499	0.59	-	-	-	-	-	-
Trade accounts receivable and other receivables												
- related companies - net	15,141	1.48	32,548	6.90	7,322	0.79	15,128	1.54	32,388	7.97	27,374	2.77
- general customers - net	83,957	8.19	6,231	1.32	5,527	0.59	83,957	8.54	6,231	1.53	5,527	0.56
Inventories - net	123,279	12.03	131,684	27.93	118,796	12.76	123,279	12.54	131,684	32.39	118,796	12.02
Advances for land rental	17,180	1.68	17,458	3.70	17,675	1.90	17,180	1.75	17,458	4.29	17,675	1.79
Deposites for goods purchases	2,867	0.28	2,565	0.54	9,687	1.04	2,867	0.29	2,565	0.63	9,687	0.98
Income tax withheld at sources	8,252	0.81	7,102	1.51	7,475	0.80	8,252	0.84	7,102	1.75	7,391	0.75
Refundable value added tax	9,811	0.96	5,480	1.16	5,479	0.59	4,330	0.44	-	-	-	-
Other current assets	4,524	0.44	3,137	0.67	3,303	0.35	2,846	0.29	1,485	0.37	1,463	0.15
<b>Total Current Assets</b>	<b>355,000</b>	<b>34.65</b>	<b>239,521</b>	<b>50.80</b>	<b>191,148</b>	<b>20.53</b>	<b>341,752</b>	<b>34.77</b>	<b>226,165</b>	<b>55.64</b>	<b>197,865</b>	<b>20.02</b>
<b>NON - CURRENT ASSETS</b>												
Restricted deposits with bank	6,147	0.60	5,053	1.07	5,045	0.54	1,272	0.13	178	0.04	170	0.02
Restricted deposit with related company	-	-	21,110	4.48	21,110	2.27	-	-	-	-	-	-
Investment in subsidiary company - net	-	-	-	-	-	-	-	-	-	-	636,000	64.37
Other long-term investments - net	3,352	0.33	3,654	0.77	3,654	0.39	3,352	0.34	3,654	0.90	3,654	0.37
Plant and equipment - net	603,836	58.93	143,889	30.52	144,787	15.55	603,836	61.44	143,889	35.40	117,794	11.92
Assets not use in operations	23,053	2.25	25,083	5.32	-	-	-	-	-	-	-	-
Pier lease right - net	-	-	-	-	532,159	57.15	-	-	-	-	-	-
Other non - current assets	33,225	3.24	33,223	7.05	33,221	3.57	32,624	3.32	32,622	8.02	32,613	3.30
<b>Total Non - Current Assets</b>	<b>669,613</b>	<b>65.35</b>	<b>232,012</b>	<b>49.20</b>	<b>739,976</b>	<b>79.47</b>	<b>641,084</b>	<b>65.23</b>	<b>180,343</b>	<b>44.36</b>	<b>790,231</b>	<b>79.98</b>
<b>TOTAL ASSETS</b>	<b>1,024,613</b>	<b>100.00</b>	<b>471,533</b>	<b>100.00</b>	<b>931,124</b>	<b>100.00</b>	<b>982,836</b>	<b>100.00</b>	<b>406,508</b>	<b>100.00</b>	<b>988,096</b>	<b>100.00</b>

**Note** On 27 April 2016, the Company has entered into an agreement to accept the partial transfer of a business from a related company on June 2016. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position as at 31 December 2015, have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.

## Summary of financial position And the performance of the company

	Balance Sheet						(Unit : Thousand Baht)					
	CONSOLIDATED F/S As at 31 December						SEPARATE F/S as at 31 December					
	2016	%	2015	%	2014	%	2016	%	2015	%	2014	%
			(Restated)		(Before acquisition)				(Restated)		(Before acquisition)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>												
<b>CURRENT LIABILITIES</b>												
Trade accounts payable and other payables- related companies	26,937	2.63	32,482	6.89	12,738	1.37	71,295	7.25	82,241	20.23	9,097	0.92
- general suppliers	5,631	0.55	26,843	5.69	35,360	3.80	5,631	0.57	26,843	6.60	35,360	3.58
Liabilities for guaranteed of debentures	-	-	-	-	46,956	5.04	-	-	-	-	-	-
Current portion of liabilities under rehabilitation plan	-	-	-	-	44,067	4.73	-	-	-	-	47,479	4.81
Advance received from customer - related companies	-	-	2,561	0.54	42,422	4.56	16,000	1.63	20,561	5.06	42,422	4.29
- others	22,618	2.21	57,835	12.27	42,981	4.62	22,618	2.30	57,835	14.23	42,981	4.35
Accrued compensation expense and debts under joint operating agre	84,623	8.26	109,730	23.27	344,828	37.03	57,091	5.81	56,214	13.83	57,432	5.81
Other current liabilities	12,657	1.24	54,417	11.54	10,039	1.08	11,843	1.20	53,415	13.14	8,875	0.90
<b>Total Current Liabilities</b>	<b>152,466</b>	<b>14.88</b>	<b>283,868</b>	<b>60.20</b>	<b>579,391</b>	<b>62.22</b>	<b>184,478</b>	<b>18.77</b>	<b>297,109</b>	<b>73.09</b>	<b>243,646</b>	<b>24.66</b>
<b>NON - CURRENT LIABILITIES</b>												
Liabilities under rehabilitation plan - net	-	-	-	-	589,623	63.32	-	-	-	-	707,196	71.57
Deferred income tax liability	63,247	6.17	13,878	2.94	-	-	63,247	6.44	13,878	3.41	-	-
Provision for gypsums relocation cost	42,960	4.19	43,207	9.16	74,172	7.97	42,960	4.37	43,207	10.63	74,172	7.51
Employee benefits obligation	9,023	0.88	5,287	1.12	4,384	0.47	9,023	0.92	5,287	1.30	4,384	0.44
Other non - current liabilities	6,170	0.60	6,170	1.31	6,170	0.66	6,170	0.63	6,170	1.52	6,170	0.62
<b>Total Non - Current Liabilities</b>	<b>121,400</b>	<b>11.85</b>	<b>68,542</b>	<b>14.54</b>	<b>674,349</b>	<b>72.42</b>	<b>121,400</b>	<b>12.35</b>	<b>68,542</b>	<b>16.86</b>	<b>791,922</b>	<b>80.15</b>
<b>TOTAL LIABILITIES</b>	<b>273,866</b>	<b>26.73</b>	<b>352,410</b>	<b>74.74</b>	<b>1,253,740</b>	<b>134.65</b>	<b>305,878</b>	<b>31.12</b>	<b>365,651</b>	<b>89.95</b>	<b>1,035,568</b>	<b>104.80</b>
<b>SHAREHOLDERS' EQUITY</b>												
Share capital – common share												
- Authorized	1,359,791	132.71	1,076,894	228.38	736,894	79.14	1,359,791	138.35	1,076,894	264.91	736,894	74.58
- Issued and fully paid-up	1,359,791		1,076,894		736,894		1,359,791		1,076,894		736,894	
Share surplus (discount) on business combination under common control	(255,264)	(24.91)	9,489	2.01	-	-	(255,264.00)	(25.97)	9,489	2.33	-	-
Deficit	-	-	-	-	377	0.04	-	-	-	-	377	0.04
Other component of shareholders' equity	252,989	24.69	55,514	11.77	-	-	252,990	25.74	55,514	13.66	-	-
Shareholders' equity of the Company (Capital deficiency)	750,985	73.29	118,403	25.11	(366,393)	(39.35)	676,958	68.88	40,857	10.05	(47,472)	(4.80)
Non-controlling interests in subsidiary	(238)	(0.02)	720	0.15	43,777	4.70	-	-	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>750,747</b>	<b>73.27</b>	<b>119,123</b>	<b>25.26</b>	<b>(322,616)</b>	<b>(34.65)</b>	<b>676,958</b>	<b>68.88</b>	<b>40,857</b>	<b>10.05</b>	<b>(47,472)</b>	<b>(4.80)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,024,613</b>	<b>100.00</b>	<b>471,533</b>	<b>100.00</b>	<b>931,124</b>	<b>100.00</b>	<b>982,836</b>	<b>100.00</b>	<b>406,508</b>	<b>100.00</b>	<b>988,096</b>	<b>100.00</b>

**Note:** On 27 April 2016, the Company has entered into an agreement to accept the partial transfer of a business from a related company on June 2016. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position as at 31 December 2015, have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.

## Summary of financial position And the performance of the company

## Statements of profit or loss and other comprehensive income

(Unit : Thousand Baht)

	CONSOLIDATED F/S for the year ended 31 December						SEPARATE F/S for the year ended 31 December					
	2016	%	2015	%	2014	%	2016	%	2015	%	2014	%
	(Restated)		(Before acquisition)		(Before acquisition)		(Restated)		(Before acquisition)		(Before acquisition)	
<b>REVENUES</b>												
Revenue from sales of chemical products	867,497	65.53	1,018,867	58.25	720,143	85.10	867,497	65.47	1,018,867	67.80	720,143	84.86
Revenue from services	156,510	11.82	142,335	8.14	121,189	14.32	159,130	12.01	144,955	9.65	123,810	14.59
<b>Total Revenues from Sales and Services</b>	<b>1,024,007</b>	<b>77.36</b>	<b>1,161,202</b>	<b>66.39</b>	<b>841,332</b>	<b>99.42</b>	<b>1,026,627</b>	<b>77.48</b>	<b>1,163,822</b>	<b>77.45</b>	<b>843,953</b>	<b>99.73</b>
<b>COSTS OF SALES AND SERVICES</b>												
Cost of chemical products sold	648,066	48.96	860,242	49.18	676,853	79.99	648,066	48.91	860,242	57.25	676,853	79.76
Cost of services	48,063	3.63	51,034	2.92	32,059	3.79	48,063	3.63	51,034	3.40	32,111	3.78
<b>Total Costs of Sales and Services</b>	<b>696,129</b>	<b>52.59</b>	<b>911,276</b>	<b>52.10</b>	<b>708,912</b>	<b>83.78</b>	<b>696,129</b>	<b>52.54</b>	<b>911,276</b>	<b>60.64</b>	<b>708,964</b>	<b>83.54</b>
<b>Gross profit</b>	<b>327,878</b>	<b>32.02</b>	<b>249,926</b>	<b>21.52</b>	<b>132,420</b>	<b>15.74</b>	<b>330,498</b>	<b>32.19</b>	<b>252,546</b>	<b>21.70</b>	<b>134,989</b>	<b>15.99</b>
Other income	5,546	0.42	1,639	0.09	4,632	0.55	5,368	0.41	1,266	0.08	4,417	0.52
Debt forgiveness from legal claim	18,539	1.40	-	-	237	0.03	18,539	1.40	-	-	237	0.03
Income from debt restructuring	-	-	258,290	14.77	-	-	-	-	305,245	20.31	-	-
Reversal of allowance for doubtful accounts	24,901	1.88	44,988	2.57	-	-	23,660	1.79	-	-	-	-
Reversal of provision for gypsum relocation	247	0.02	30,966	1.77	-	-	247	0.02	30,966	2.06	-	-
Reversal of allowance for impairment on assets	244,235	18.45	-	-	-	-	244,235	18.43	-	-	-	-
Reversal of accrued compensation expense and debts under joint operating agreement	-	-	250,665	14.33	-	-	-	-	-	-	-	-
<b>Profit Before Expenses</b>	<b>621,346</b>	<b>46.94</b>	<b>836,474</b>	<b>47.82</b>	<b>137,289</b>	<b>16.22</b>	<b>622,547</b>	<b>46.99</b>	<b>590,023</b>	<b>39.26</b>	<b>139,643</b>	<b>16.46</b>
Selling expenses	48,993	3.70	21,218	1.21	354	0.04	48,993	3.70	21,218	1.41	354	0.04
Administrative expenses	75,038	5.67	75,300	4.30	35,501	4.20	72,298	5.46	74,296	4.94	23,521	2.77
Provision for doubtful account - related company	-	-	-	-	1,316	0.16	-	-	23,383	1.56	1,316	0.16
Loss from liability from guarantee	-	-	35,199	2.01	-	-	-	-	35,199	2.34	-	-
Loss from impairment of investment in subsidiary	-	-	-	-	-	-	-	-	636,000	42.32	-	-
Loss from impairment of other long - term investment	302	0.02	-	-	-	-	302	0.02	-	-	-	-
Loss from write off pier lease right	-	-	509,928	29.15	-	-	-	-	-	-	-	-
Expenses from suspension of production factory	94,929	7.17	67,052	3.83	101,753	12.02	94,929	7.16	67,052	4.46	101,753	11.99
Expenses from temporary suspension of pier	15	0.00	40,972	2.34	118,393	13.99	-	-	-	-	-	-
Financial costs	5,116	0.39	14,803	0.85	6,178	0.73	4,596	0.35	14,283	0.95	5,659	0.67
<b>Total expenses</b>	<b>224,393</b>	<b>16.95</b>	<b>764,472</b>	<b>43.71</b>	<b>263,495</b>	<b>31.14</b>	<b>221,118</b>	<b>16.69</b>	<b>871,431</b>	<b>57.99</b>	<b>132,603</b>	<b>15.63</b>
<b>Profit (loss) Before Tax</b>	<b>396,953</b>	<b>29.99</b>	<b>72,002</b>	<b>4.12</b>	<b>(126,206)</b>	<b>(14.91)</b>	<b>401,429</b>	<b>30.30</b>	<b>(281,408)</b>	<b>(18.73)</b>	<b>7,040</b>	<b>0.83</b>
Income tax benefits	6,289	0.48	1,385	0.08	-	-	6,289	0.47	1,385	0.09	-	-
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>403,242</b>	<b>30.46</b>	<b>73,387</b>	<b>4.20</b>	<b>(126,206)</b>	<b>(14.91)</b>	<b>407,718</b>	<b>30.77</b>	<b>(280,023)</b>	<b>(18.63)</b>	<b>7,040</b>	<b>0.83</b>

**Note:** On 27 April 2016, the Company has entered into an agreement to accept the partial transfer of a business from a related company on June 2016. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position for the year ended 31 December 2015, have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.

## Summary of financial position And the performance of the company

	Statements of Cash flow					
	CONSOLIDATED F/S for the yea ended 31			SEPARATE F/S for the yea ended 31 December		
	2016	2015	2014	2016	2015	2014
	(Restated)	(Before acquisition)		(Restated)	(Before acquisition)	
<b>Cash Flows from Operating Activities</b>						
Profit (loss) for the year	396,953	72,002	(126,206)	401,429	(281,408)	7,040
Portion of the Company before business combination control common	(9,809)	(42,430)	-	(9,809)	(42,430)	0
<b>Profit (loss) for the year - net</b>	<b>387,144</b>	<b>29,572</b>	<b>(126,206)</b>	<b>391,620</b>	<b>(323,838)</b>	<b>7,040</b>
<b>Adjustments to reconcile profit (loss) to net cash</b>						
Depreciation and amortization	70,886	71,029	88,368	70,886	46,888	38,237
Loss (gain) on exchange rate	(781)	2,842	(2,078)	(781)	2,842	(2,078)
Loss (gain) on disposal of assets	(56)	2,160	(394)	(56)	2,160	(394)
Allowance (reversal of allowance) for impairment of assets	(243,236)	13,263	8,554	(243,236)	13,263	-
Allowance (reversal of allowance) for doubtful accounts - related companies	(18,903)	20,115	20,338	(28,188)	41,478	20,115
- general customers	530	(99,880)	(392)	353	(99,828)	(320)
Reversal of allowance for defective and decline value of inventories	(503)	(1,886)	(614)	(503)	(1,886)	(614)
Loss from impairment of investments	302	-	-	302	636,000	-
Loss from impairment of assets not use in operations	2,030	-	-	-	-	-
Loss from written-off pier lease right	-	509,928	-	-	-	-
Decreased provision for gypsums relocation cost	(247)	(30,965)	(2,104)	(247)	(30,965)	(2,104)
Reversal of accrued compensation expense and debts under joint agreement	-	(250,665)	-	-	-	-
Sparepart and supplies used	-	(122)	-	-	(122)	-
Recognised income received in advance	-	-	-	(2,000)	(2,000)	(2,000)
Prepaid rental expense	22,750	22,750	-	22,750	22,750	-
Debt forgiveness from legal claim	(18,539)	-	-	(18,539)	-	-
Income from debt restruction	-	(258,290)	(237)	-	(305,245)	(237)
Interest income	(195)	(39)	(58)	(189)	(34)	(40)
Interest expense	153	3,780	5,252	153	3,780	5,252
Provision for employee benefits obligation	650	511	310	650	511	310
<b>Cash received (used in) from operations before changes in operating assets and liabilities</b>	<b>201,985</b>	<b>34,103</b>	<b>(9,261)</b>	<b>192,975</b>	<b>5,754</b>	<b>63,167</b>

## Summary of financial position And the performance of the company

	Statements of Cash flow			(Unit : Thousand Baht)		
	CONSOLIDATED F/S for the yea ended 31 December			SEPARATE F/S for the yea ended 31 December		
	2016	2015 (Restated)	2014 (Before acquisition)	2016	2015 (Restated)	2014 (Before acquisition)
<b>Decrease (Increase) in Operating Assets</b>						
Restricted cash - Legal Execution	1	-	-	-	-	-
Trade accounts receivable and other receivables - related companies	36,310	(45,341)	(16,090)	34,921	(46,492)	(17,947)
- general customers	(78,256)	99,176	7,551	(67,552)	99,124	7,447
Inventories	8,908	(10,880)	(66,709)	8,908	(10,880)	(66,709)
Other current assets	(11,159)	(14,874)	27,511	(11,131)	(15,144)	24,464
Other non-current assets	(2)	-	1	(2)	(8)	1
<b>Increase (Decrease) in Operating Liabilities</b>						
Trade accounts payable and other payables - related companies	(10,420)	19,744	(4,356)	(10,946)	73,144	(4,873)
- general customers	(20,431)	(11,359)	32,468	(20,431)	(11,359)	33,572
Liabilities for guaranteed of debentures	-	(46,956)	-	-	-	-
Advance received from customer - related companies	(2,561)	(39,861)	(900)	(2,561)	(21,861)	(900)
- Others	(35,217)	14,853	12,293	(35,217)	14,853	12,293
Accrued compensation expense and debts under joint operating agreement	878	15,567	68,595	877	(1,218)	834
Other current liabilities	(23,220)	44,377	(849)	(23,031)	44,540	(940)
Other non current liabilities	-	-	300	-	-	300
<b>Net Cash provided from (used in) Operating Activities</b>	<b>66,816</b>	<b>58,549</b>	<b>50,554</b>	<b>66,810</b>	<b>130,453</b>	<b>50,709</b>
<b>Cash Flows from Investing Activities</b>						
Interest received	195	39	58	189	34	40
Increase in restricted deposits with bank	(1,094)	(8)	-	(1,094)	(8)	-
Acquisition of assets	(9,301)	(2,195)	(7,554)	(9,301)	(2,195)	(7,554)
Proceeds from disposal of assets	57	31	395	57	31	395
<b>Net Cash used in Investing Activities</b>	<b>(10,143)</b>	<b>(2,133)</b>	<b>(7,101)</b>	<b>(10,149)</b>	<b>(2,138)</b>	<b>(7,119)</b>
<b>Cash Flows from Financing Activities</b>						
Proceeds from share capital increment	-	340,000	-	-	340,000	-
Interest paid	-	-	(5,124)	-	-	(5,124)
Payment for liabilities under rehabilitation plan	-	(378,984)	(36,682)	-	(451,015)	(36,823)
<b>Net Cash provided from (used in) Financing Activities</b>	<b>-</b>	<b>(38,984)</b>	<b>(41,806)</b>	<b>-</b>	<b>(111,015)</b>	<b>(41,947)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>56,673</b>	<b>17,432</b>	<b>1,647</b>	<b>56,661</b>	<b>17,300</b>	<b>1,643</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>33,316</b>	<b>15,884</b>	<b>14,237</b>	<b>27,252</b>	<b>9,952</b>	<b>8,309</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>89,989</b>	<b>33,316</b>	<b>15,884</b>	<b>83,913</b>	<b>27,252</b>	<b>9,952</b>

Note On 27 April 2016, the Company has entered into an agreement to accept the partial transfer of a business from a related company on June 2016. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position for the year ended 31 December 2015, have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period.



	<b>Financial Ratio Analysis</b>							
	งบการเงินรวม				งบการเงินตามวิธีราคาทุน			
	Consolidated F/S				Seperated F/S			
	2014	2015	2016		2014	2015	2016	
	2557	2558	2559		2557	2558	2559	
<b>LIQUIDITY RATIO</b>								
Current ratio	0.33	0.84	2.33	Time	0.81	0.76	1.85	Time
Quick ratio	0.05	0.25	1.24	Time	0.18	0.22	0.99	Time
Cash ratio	0.10	0.14	0.31	Time	0.23	0.22	0.28	Time
Account Receivable Turnover	54.43	44.98	14.85	Time	24.50	32.55	14.91	Time
Average collection period	6.61	8.00	24.24	Day	14.70	11.06	24.14	Day
Inventory turnover	7.95	6.87	5.08	Day	7.95	6.87	5.08	Day
Receivable conversion period	45.28	52.41	70.82	Day	45.28	52.41	70.82	Day
Account payable turnover	20.21	16.97	15.15	Time	22.77	11.87	7.48	Time
Payable conversion period	17.81	21.22	23.76	Day	15.81	30.33	48.10	Day
Cash cycle	34.08	39.20	71.29	Day	44.17	33.14	46.86	Day
<b>PROFITABILITY RATIO</b>								
Gross profit margin	15.74	21.52	32.02	%	15.99	21.70	32.19	%
Net profit/(Loss) margin before extra-ordinary items	(14.91)	(12.40)	30.46	%	0.83	(48.88)	30.77	%
Profit margin /(loss)	(14.91)	4.92	30.46	%	0.83	(23.39)	30.77	%
Return on equity before extra-ordinary items	40.23	149.12	92.76	%	(14.02)	17,694.11	113.60	%
Return on equity	48.78	(0.72)	188.37	%	(14.02)	8,465.79	113.60	%
<b>EFFICIENCY RATIO</b>								
Return on assets before extra-ordinaty items	(13.13)	(26.36)	53.90	%	0.73	(83.93)	58.69	%
Return on assets	(13.13)	10.46	53.90	%	0.73	(40.16)	58.69	%
Fixed asstes turnover before extra-ordinary items	(4.82)	(23.43)	105.17	%	5.62	(110.94)	116.53	%
Fixed assets turnover	(4.82)	29.72	105.17	%	5.62	(48.04)	116.53	%
Total assets turnover	88.07	212.57	176.96	Time	86.07	171.72	190.73	Time
<b>FINANCIAW POLICY RATIO</b>								
Debt to equity ratio (before extra-ordinary items)	(3.89)	2.96	0.36	Time	(21.81)	8.95	0.45	Time
Debt to equity ratio	(3.89)	2.96	0.36	Time	(21.81)	8.95	0.45	Time
Interset coverage ratio	9.18	4.96	14.06	Time	9.96	10.13	15.54	Time
Obligation coverage ratio (cash bsis)	0.05	0.46	0.67	Time	0.06	1.79	0.94	Time
Dividend payout ratio	0.00	0.00	0.00	%	0.00	0.00	0.00	%

## Summary of Financial Position and Operating Performance of Subsidiary Company and Associate Company

## Rayong Bulk Terminal Company Limited

	(Unit: million Baht)		
	2016	2015	2014
<b>Total Assets</b>	<b>61.56</b>	<b>87.00</b>	<b>623.00</b>
<b>Total Liabilities</b>	<b>62.99</b>	<b>83.00</b>	<b>362.00</b>
<b>Shareholders' Equity</b>	<b>(1.43)</b>	<b>4.00</b>	<b>261.00</b>
<b>Total Income</b>	<b>0.18</b>	<b>282.00</b>	<b>1.01</b>
<b>Net Profit</b>	<b>(5.72)</b>	<b>(2.57.00)</b>	<b>(133.00)</b>
<b>Book Value per Share (Baht)</b>	<b>0.02</b>	<b>1.06</b>	<b>3.42</b>
<b>Par Value (Baht)</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

**Others**

Investors can study the information of the company that issued additional securities from the annual registration statement (form 56-1) of the Company as shown in [www.set.or.th](http://www.set.or.th).

**Auditor's Report and Financial Statement**  
**For the year ended on December 31, 2016**

## REPORT OF INDEPENDENT AUDITOR

### To the Shareholders of NFC Fertilizer Public Company Limited

#### *Opinion*

I have audited the consolidated financial statements of NFC Fertilizer Public Company Limited and its subsidiary (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss and other 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 I have also audited the separate financial statements of NFC Fertilizer Public Company Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2016, the separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2016, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

*Key Audit Matters*

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

The key audit matter	How the matter was addressed in the audit
<p><i>Revaluation of plant and equipment</i></p> <p>As at 31 December 2016, plant and equipment of the Group amounts to Baht 603.84 million which comprises 59% of the total assets of the Group.</p> <p>The Group values its plant and equipment, including those assets acquired in a business combination, at fair value which is determined by an independent appraiser. The valuation process requires judgement and significant estimates to be made by management.</p> <p>Refer to Note 5 to the financial statements for critical accounting estimates and judgements, and Note 14 to the financial statements for plant and equipment.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Evaluating the competence, independence and objectivity of the appraiser and verified their qualification.</li> <li>- Discussing with the appraiser the rationale for the approach used to measure the fair value of plant and equipment</li> <li>- Assessing the appropriateness of the assumption used and data used in the valuation</li> <li>- Comparing the results derived from the appraisal with external sources of data</li> <li>- Evaluating the condition of assets during the capital assets observation.</li> <li>- Reviewing the accounting records provided by the Company to ensure that the valuation had been accurately recorded.</li> </ul>

*Emphasis of Matter*

Without modifying my report, I draw attention to Note 13 to the financial statements which explains that the Company has entered into an agreement to accept the partial transfer of a business from a related company. The transfer is considered a business combination under common control and accordingly, the comparative consolidated and the separate statements of financial position as at 31 December 2015 and 2014, the consolidated statements of profit or loss and other comprehensive income and changes in shareholders' equity and cash flows and separate statements of profit or loss and other comprehensive income and changes in shareholders' equity and cash flows for the year ended 31 December 2015 have been retroactively adjusted as though the business combination had occurred since the beginning of the first reporting period. I have reviewed such adjustments and note that they are appropriate and have been properly made.

*Other Matter*

The consolidated financial statements of NFC Fertilizer Public Company Limited and its subsidiary and the separate financial statements of NFC Fertilizer Public Company Limited for the year ended 31 December 2015 (before adjustments), presented as comparative information, were audited by Mr. Somckid Tiatragul, an auditor in the same office as mine, who issued his audit report dated 25 February 2016 expressed an unqualified opinion.

*Other Information*

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to

enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's 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 Consolidated and Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

**Ms. Kanyanat Sriratchatchaval**

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

3 March 2017

NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	CONSOLIDATED F/S			SEPARATE F/S		
		31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	6	84,491	27,817	10,385	83,913	27,252	9,952
Restricted cash - Legal Execution	7	5,498	5,499	5,499	-	-	-
Trade accounts receivable and other receivables							
- related companies - net	8, 9	15,141	32,548	7,322	15,128	32,388	27,374
- general customers - net	8	83,957	6,231	5,527	83,957	6,231	5,527
Inventories - net	10	123,279	131,684	118,796	123,279	131,684	118,796
Advances for land rental		17,180	17,458	17,675	17,180	17,458	17,675
Deposites for goods purchases		2,867	2,565	9,687	2,867	2,565	9,687
Income tax withheld at sources		8,252	7,102	7,475	8,252	7,102	7,391
Refundable value added tax	13	9,811	5,480	5,479	4,330	-	-
Other current assets		4,524	3,137	3,303	2,846	1,485	1,463
<b>Total Current Assets</b>		<b>355,000</b>	<b>239,521</b>	<b>191,148</b>	<b>341,752</b>	<b>226,165</b>	<b>197,865</b>
<b>NON - CURRENT ASSETS</b>							
Restricted deposits with bank	11	6,147	5,053	5,045	1,272	178	170
Restricted deposit with related company	9	-	21,110	21,110	-	-	-
Investment in subsidiary company - net	12	-	-	-	-	-	636,000
Other long-term investments - net		3,352	3,654	3,654	3,352	3,654	3,654
Plant and equipment - net	13, 14	603,836	143,889	231,030	603,836	143,889	204,037
Assets not use in operations		23,053	25,083	-	-	-	-
Pier lease right - net		-	-	532,158	-	-	-
Other non - current assets		33,225	33,223	33,222	32,624	32,622	32,614
<b>Total Non - Current Assets</b>		<b>669,613</b>	<b>232,012</b>	<b>826,219</b>	<b>641,084</b>	<b>180,343</b>	<b>876,475</b>
<b>TOTAL ASSETS</b>		<b>1,024,613</b>	<b>471,533</b>	<b>1,017,367</b>	<b>982,836</b>	<b>406,508</b>	<b>1,074,340</b>

\_\_\_\_\_  
( Mr. Suppakit Duyapich ) Director

\_\_\_\_\_  
( Mr. Nuttaphob Ratanasuwanthawee ) Director

The accompanying notes form an integral part of these financial statements.

NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

	Notes	CONSOLIDATED F/S			SEPARATE F/S		
		31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
		(Restated)	(Restated)		(Restated)	(Restated)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>(CAPITAL DEFICIENCY)</b>							
<b>CURRENT LIABILITIES</b>							
Trade accounts payable and other payables							
- related companies	9	26,937	32,482	12,738	71,295	82,241	9,097
- general suppliers		5,631	26,843	38,561	5,631	26,843	38,561
Liabilities for guaranteed of debentures		-	-	46,956	-	-	-
Current portion of liabilities under rehabilitation plan		-	-	44,067	-	-	47,479
Advance received from customer - related companies	9	-	2,561	42,422	16,000	20,561	42,422
- others		22,618	57,835	42,981	22,618	57,835	42,981
Accrued compensation expense and debts under joint operating agreement	15	84,623	109,730	344,829	57,091	56,214	57,432
Other current liabilities	16	12,657	54,417	6,839	11,843	53,415	5,676
<b>Total Current Liabilities</b>		<b>152,466</b>	<b>283,868</b>	<b>579,393</b>	<b>184,478</b>	<b>297,109</b>	<b>243,648</b>
<b>NON - CURRENT LIABILITIES</b>							
Liabilities under rehabilitation plan - net		-	-	589,622	-	-	707,196
Deferred income tax liability	13, 22	63,247	13,878	15,263	63,247	13,878	15,263
Provision for gypsums relocation cost		42,960	43,207	74,172	42,960	43,207	74,172
Employee benefits obligation	17	9,023	5,287	4,384	9,023	5,287	4,384
Other non - current liabilities		6,170	6,170	6,170	6,170	6,170	6,170
<b>Total Non - Current Liabilities</b>		<b>121,400</b>	<b>68,542</b>	<b>689,611</b>	<b>121,400</b>	<b>68,542</b>	<b>807,185</b>
<b>TOTAL LIABILITIES</b>		<b>273,866</b>	<b>352,410</b>	<b>1,269,004</b>	<b>305,878</b>	<b>365,651</b>	<b>1,050,833</b>
<b>SHAREHOLDERS' EQUITY</b>							
Share capital – common share							
- Authorized	13, 18	1,359,791	1,076,894	736,894	1,359,791	1,076,894	736,894
- Issued and fully paid-up	18	1,359,791	1,076,894	736,894	1,359,791	1,076,894	736,894
Share surplus (discount) on business combination under common control	13	(255,264)	9,489	10,303	(255,264)	9,489	10,303
Deficit		(606,531)	(1,023,494)	(1,103,664)	(680,559)	(1,101,040)	(784,743)
Other component of shareholders' equity		252,989	55,514	61,053	252,990	55,514	61,053
<b>Shareholders' equity of the Company</b>							
(Capital deficiency)		750,985	118,403	(295,414)	676,958	40,857	23,507
Non-controlling interests in subsidiary		(238)	720	43,777	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>							
(CAPITAL DEFICIENCY)		750,747	119,123	(251,637)	676,958	40,857	23,507
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (NET OF CAPITAL DEFICIENCY)</b>		<b>1,024,613</b>	<b>471,533</b>	<b>1,017,367</b>	<b>982,836</b>	<b>406,508</b>	<b>1,074,340</b>

\_\_\_\_\_  
( Mr. Suppakit Duyapich ) Director

\_\_\_\_\_  
( Mr. Nuttaphob Ratanasuwanthawee ) Director

The accompanying notes form an integral part of these financial statements.

NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEARS ENDED 31 DECEMBER

		(Unit : Thousand Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2016	2015	2016	2015
			(Restated)		(Restated)
			(Unaudited)		(Unaudited)
Notes					
<b>REVENUES</b>					
		867,497	1,018,867	867,497	1,018,867
		156,510	142,335	159,130	144,955
<b>Total Revenues from Sales and Services</b>	9, 25	1,024,007	1,161,202	1,026,627	1,163,822
<b>COSTS OF SALES AND SERVICES</b>					
		648,066	860,242	648,066	860,242
		48,063	51,034	48,063	51,034
<b>Total Costs of Sales and Services</b>	21, 25	696,129	911,276	696,129	911,276
<b>Gross profit</b>		327,878	249,926	330,498	252,546
Other income	9, 25	5,546	1,639	5,368	1,266
Debt forgiveness from legal claim	16	18,539	-	18,539	-
Income from debt restructuring		-	258,290	-	305,245
Reversal of allowance for doubtful accounts	8	24,901	44,988	23,660	-
Reversal of provision for gypsum relocation		247	30,966	247	30,966
Reversal of allowance for impairment on assets	14	244,235	-	244,235	-
Reversal of accrued compensation expense and debts under joint operating agreement		-	250,665	-	-
<b>Profit Before Expenses</b>		621,346	836,474	622,547	590,023
Selling expenses		48,993	21,218	48,993	21,218
Administrative expenses		75,038	75,300	72,298	74,296
Provision for doubtful account - related company	8	-	-	-	23,383
Loss from liability from guarantee	16	-	35,199	-	35,199
Loss from impairment of investment in subsidiary	12	-	-	-	636,000
Loss from impairment of other long - term investment	2	302	-	302	-
Loss from write off pier lease right	2	-	509,928	-	-
Expenses from suspension of production factory	2	94,929	67,052	94,929	67,052
Expenses from temporary suspension of pier		15	40,972	-	-
Financial costs	21, 25	5,116	14,803	4,596	14,283
<b>Total expenses</b>		224,393	764,472	221,118	871,431
<b>Profit (loss) Before Tax</b>		396,953	72,002	401,429	(281,408)
Income tax benefits	22	6,289	1,385	6,289	1,385
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		403,242	73,387	407,718	(280,023)

\_\_\_\_\_  
 Director  
 ( Mr. Suppakit Duyapich )

\_\_\_\_\_  
 Director  
 ( Mr. Nuttaphob Ratanasuwanhawee )

The accompanying notes form an integral part of these financial statements.

NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

		(Unit : Thousand Baht)			
		CONSOLIDATED F/S		SEPARATE F/S	
		2016	2015	2016	2015
			(Restated)		(Restated)
Notes			(Unaudited)		(Unaudited)
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Surplus on assets revaluation - net of tax	14	222,642	-	222,642	-
Actuarial losses	17	(2,933)	(197)	(2,933)	(197)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>622,951</b>	<b>73,190</b>	<b>627,427</b>	<b>(280,220)</b>
<b>ALLOCATION OF INCOME (LOSS) FOR THE YEAR</b>					
Portion of the Company's shareholders		396,996	80,267	400,514	(316,200)
Portion of non-controlling interests in subsidiary		(958)	(43,057)	-	-
Pre-acquisition portion from business combination					
under common control		7,204	36,177	7,204	36,177
		<b>403,242</b>	<b>73,387</b>	<b>407,718</b>	<b>(280,023)</b>
<b>ALLOCATION OF COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>					
Portion of the Company's shareholders		616,705	80,070	620,223	(316,397)
Portion of non-controlling interests in subsidiary		(958)	(43,057)	-	-
Pre-acquisition portion from business combination					
under common control		7,204	36,177	7,204	36,177
		<b>622,951</b>	<b>73,190</b>	<b>627,427</b>	<b>(280,220)</b>
<b>Basic Earnings (loss) per Share</b>					
Profit (loss) (Baht per share)	19	0.16	0.05	0.16	(0.21)
Weight average number of common shares (Thousand Shares)		2,483,062	1,481,241	2,483,062	1,481,241

\_\_\_\_\_  
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 ( Mr. Suppakit Duyapich )

\_\_\_\_\_  
 Director  
 ( Mr. Nuttaphob Ratanasuwanthawee )

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NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

Equity attributable to the Company's shareholders									
	Notes	Paid-up share capital	Share surplus (discount) on business combination under common control	Deficit	Other component of shareholders' equity	Total shareholders' equity of the Company	Non controlling interests	Total	Pre-acquisition portion from business combination under common control
					Surplus on assets revaluation - net of tax				
<b>CONSOLIDATED F/S</b>									
<b>(Unaudited)</b>									
Balance as at 1 January 2015 - as previously reported		736,894	-	(1,103,664)	377	(366,393)	43,777	(322,616)	-
Effect from the business combination under common control	13	-	10,303	-	60,676	70,979	-	70,979	-
Balance as at 1 January 2015 - as restated		736,894	10,303	(1,103,664)	61,053	(295,414)	43,777	(251,637)	-
Share increment during the year		340,000	-	-	-	340,000	-	340,000	-
Depreciation expense of surplus on assets revaluation		-	-	100	(5,539)	(5,439)	-	(5,439)	5,439
Adjustment on share discount on business combination under common control		-	(814)	-	-	(814)	-	(814)	814
Comprehensive income (loss) for the year (as restated)		-	-	80,070	-	80,070	(43,057)	37,013	36,177
Balance as at 31 December 2015		1,076,894	9,489	(1,023,494)	55,514	118,403	720	119,123	42,430
<b>(Audited)</b>									
Balance as at 1 January 2016 - as previously reported		1,076,894	-	(1,023,494)	251	53,651	720	54,371	-
Effect from the business combination under common control	13	-	9,489	-	55,263	64,752	-	64,752	-
Balance as at 1 January 2016 - as restated		1,076,894	9,489	(1,023,494)	55,514	118,403	720	119,123	-
Share increment during the year for business combination	18	282,897	-	-	-	282,897	-	282,897	-
Depreciation expense of surplus on assets revaluation		-	-	-	222,642	222,642	-	222,642	-
Share increment during the year		-	-	22,900	(25,166)	(2,266)	-	(2,266)	2,266
Share discount on business combination under common control		-	(264,414)	-	-	(264,414)	-	(264,414)	-
Adjustment on share discount on business combination under common control		-	(339)	-	-	(339)	-	(339)	339
Comprehensive income (loss) for the year		-	-	394,063	-	394,063	(958)	393,105	7,204
Balance as at 31 December 2016		1,359,791	(255,264)	(606,531)	252,989	750,985	(238)	750,747	9,809

\_\_\_\_\_, Director  
( Mr. Suppakit Duyapich )

\_\_\_\_\_, Director  
( Mr. Nuttaphob Ratanasuwanthawee )

The accompanying notes form an integral part of these financial statements.

NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

				Other component of		Pre-acquisition
				shareholders' equity		portion from
		Share surplus (discount)		Surplus on		business combination
	Paid-up	on business combination		assets revaluation		under common
Notes	share capital	under common control	Deficit	- net of tax	Total	control
<b>SEPARATE F/S</b>						
<b>(Unaudited)</b>						
Balance as at 1 January 2015 - as previously reported	736,894	-	(784,743)	377	(47,472)	-
Effect from the business combination under common control	13	-	10,303	60,676	70,979	-
Balance as at 1 January 2015 - as restated	736,894	10,303	(784,743)	61,053	23,507	-
Share increment during the year	340,000	-	-	-	340,000	-
Depreciation expense of surplus on assets revaluation	-	-	100	(5,539)	(5,439)	5,439
Adjustment on share discount on business combination under common control	-	(814)	-	-	(814)	814
Comprehensive income (loss) for the year (as restated)	-	-	(316,397)	-	(316,397)	36,177
Balance as at 31 December 2015	1,076,894	9,489	(1,101,040)	55,514	40,857	42,430
<b>(Audited)</b>						
Balance as at 1 January 2015 - as previously reported	1,076,894	-	(1,101,040)	251	(23,895)	-
Effect from the business combination under common control	13	-	9,489	55,263	64,752	-
Balance as at 1 January 2015 - as restated	1,076,894	9,489	(1,101,040)	55,514	40,857	-
Share increment during the year for business combination	18	282,897	-	-	282,897	-
Surplus on assets revaluation	-	-	-	222,642	222,642	-
Depreciation expense of surplus on assets revaluation	-	-	22,900	(25,166)	(2,266)	2,266
Share discount on business combination under common control	-	(264,414)	-	-	(264,414)	-
Adjustment on share discount on business combination under common control	-	(339)	-	-	(339)	339
Comprehensive income (loss) for the year	-	-	397,581	-	397,581	7,204
Balance as at 31 December 2016	1,359,791	(255,264)	(680,559)	252,990	676,958	9,809

\_\_\_\_\_  
 Director  
 ( Mr. Suppakit Duyapich )

\_\_\_\_\_  
 Director  
 ( Mr. Nuttaphob Ratanasuwanthawee )

The accompanying notes form an integral part of these financial statements.

**NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER**

(Unit : Thousand Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
		(Restated)		(Restated)
		(Unaudited)		(Unaudited)
<b>Cash Flows from Operating Activities</b>				
Profit (loss) for the year	396,953	72,002	401,429	(281,408)
Portion of the Company before business combination control common	(9,809)	(42,430)	(9,809)	(42,430)
Profit (loss) for the year - net	387,144	29,572	391,620	(323,838)
<b>Adjustments to reconcile profit (loss) to net cash</b>				
<b>provided from (used in) operating activities</b>				
Depreciation and amortization	70,886	71,029	70,886	46,888
Loss (gain) on exchange rate	(781)	2,842	(781)	2,842
Loss (gain) on disposal of assets	(56)	2,160	(56)	2,160
Allowance (reversal of allowance) for impairment of assets	(243,236)	13,263	(243,236)	13,263
Allowance (reversal of allowance) for doubtful accounts - related companies	(18,903)	20,115	(28,188)	41,478
- general customers	530	(99,880)	353	(99,828)
Reversal of allowance for defective and decline value of inventories	(503)	(1,886)	(503)	(1,886)
Loss from impairment of investments	302	-	302	636,000
Loss from impairment of assets not use in operations	2,030	-	-	-
Loss from written-off pier lease right	-	509,928	-	-
Decreased provision for gypsums relocation cost	(247)	(30,965)	(247)	(30,965)
Reversal of accrued compensation expense and debts under joint operating agreement	-	(250,665)	-	-
Sparepart and supplies used	-	(122)	-	(122)
Recognised income received in advance	-	-	(2,000)	(2,000)
Prepaid rental expense	22,750	22,750	22,750	22,750
Debt forgiveness from legal claim	(18,539)	-	(18,539)	-
Income from debt restruction	-	(258,290)	-	(305,245)
Interest income	(195)	(39)	(189)	(34)
Interest expense	153	3,780	153	3,780
Provision for employee benefits obligation	650	511	650	511
<b>Cash received (used in) from operations before changes in operating assets and liabilities</b>	201,985	34,103	192,975	5,754
<b>Decrease (Increase) in Operating Assets</b>				
Restricted cash - Legal Execution	1	-	-	-
Trade accounts receivable and other receivable - related companies	36,310	(45,341)	34,921	(46,492)
- general customers	(78,256)	99,176	(67,552)	99,124
Inventories	8,908	(10,880)	8,908	(10,880)
Other current assets	(11,159)	(14,874)	(11,131)	(15,144)
Other non-current assets	(2)	-	(2)	(8)
<b>Increase (Decrease) in Operating Liabilities</b>				
Trade accounts payable and other payables - related companies	(10,420)	19,744	(10,946)	73,144
- general suppliers	(20,431)	(11,359)	(20,431)	(11,359)
Liabilities for guaranteed of debentures	-	(46,956)	-	-
Advance received from customer - related companies	(2,561)	(39,861)	(2,561)	(21,861)
- others	(35,217)	14,853	(35,217)	14,853
Accrued compensation expense and debts under joint operating agreement	878	15,567	877	(1,218)
Other current liabilities	(23,220)	44,377	(23,031)	44,540
<b>Net Cash provided from (used in) Operating Activities</b>	66,816	58,549	66,810	130,453

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 ( Mr. Suppakit Duyapich )

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 ( Mr. Nuttaphob Ratanasuwanthawee )

The accompanying notes form an integral part of these financial statements.



**NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED 31 DECEMBER**

	<b>CONSOLIDATED F/S</b>		<b>SEPARATE F/S</b>	
	<b>2016</b>	<b>2015</b> <b>(Restated)</b> <b>(Unaudited)</b>	<b>2016</b>	<b>2015</b> <b>(Restated)</b> <b>(Unaudited)</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	195	39	189	34
Increase in restricted deposits with bank	(1,094)	(8)	(1,094)	(8)
Acquisition of assets	(9,301)	(2,195)	(9,301)	(2,195)
Proceeds from disposal of assets	57	31	57	31
<b>Net Cash used in Investing Activities</b>	<b>(10,143)</b>	<b>(2,133)</b>	<b>(10,149)</b>	<b>(2,138)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from share capital increment	-	340,000	-	340,000
Payment for liabilities under rehabilitation plan	-	(378,984)	-	(451,015)
<b>Net Cash provided from (used in) Financing Activities</b>	<b>-</b>	<b>(38,984)</b>	<b>-</b>	<b>(111,015)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>56,673</b>	<b>17,432</b>	<b>56,661</b>	<b>17,300</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>33,316</b>	<b>15,884</b>	<b>27,252</b>	<b>9,952</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>89,989</b>	<b>33,316</b>	<b>83,913</b>	<b>27,252</b>

**Supplement cash flows information**

Additional information

During the year;

- The Company has registered to increase its share capital for payment to the acquisition of partial assets from the related party amount of Baht 282.90 million. (Note 13)
- The Company has surplus on assets revaluation amounting to Baht 344.03 million and Baht 278.11 million for the consolidated and separate financial statements, respectively. (Note 14)
- A related company settled the accrued compensation expense and debts under joint operating agreement amounting to Baht 25.99 million for subsidiary company by paying the restricted deposit with such related company of Baht 21.11 million. The remaining amount has been recorded as payable - related company.
- The Company got debt forgiveness from legal claim from a financial institution amount of Baht 18.54 million. (Note 16)

\_\_\_\_\_  
 ( Mr. Suppakit Duyapich ) Director

\_\_\_\_\_  
 ( Mr. Nuttaphob Ratanasuwanthawee ) Director

The accompanying notes form an integral part of these financial statements.

**NFC FERTILIZER PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

**1. GENERAL INFORMATION**

The Company registered its incorporation in accordance with the Thai Civil and Commercial Code as a limited company in the year 1982. The Company changed its status to a public company on 13 October 1995. The major shareholder of the Company is Mr. Nuttaphob Ratanasuwanthawee.

The principle business of the Company is the sale of chemical products and other chemical related services. In addition, the Company provides pier and warehouse services. Its factory, warehouse and offices are located at:

Factory and Warehouse : No. 2, I-2 Road, Map Ta Phut Industrial Estate, Tambol Map Ta Phut, Muang District, Rayong, Thailand. Currently not in fertilizer manufacturing operations, but still run production of ammonium hydroxide.

: No. 9/25 Moo 4, Bueng Yitho District, Amphur Thanyaburi, Pathum Thani, Thailand.

: No. 105/10 Moo 2, Suratthani - Paknam Rd., Bangkung District, Amphur Muang, Surat Thani, Thailand.

Office : 88 SC Group Building 3rd Floor, The Park Land Road (Bangna-Trad Km.5), Bangna Sub - District, Bangna District, Bangkok, Thailand. (Old “88 SC Group Building 4th Floor, The Park Land Road, Bangna Sub-District, Bangna District, Bangkok”)

The Company has 83.25% investment in a subsidiary, (Rayong Bulk Terminal Co., Ltd.), whose business objective is to provide pier services and warehouse services. However, the operations of the subsidiary have ceased as a result of the termination of the joint operating agreement with Industrial Estate Authority of Thailand (“IEAT”) which was terminated by the Central Bankruptcy Court.

**2. INFORMATION AND STATUS OF THE COMPANY AND SUBSIDIARY**

Status of the Company

At the Board of Directors’ Meeting No. 2/2016, held on 2 March 2016, the Board resolved to propose to the Shareholders’ Meeting to consider and approve the Company to enter into transactions deemed as acquisition of assets with related company by purchase and acceptance of the transfer of partial business from Chemicals and Aromatic (Thailand) Co., Ltd. (“C&A”), a related company, particularly engage in the ammonia and

ammonium hydroxide business, which the shareholders' meeting approved such transaction on 29 April 2016 as mentioned in notes 13.

The Company is a public company which is registered with Stock Exchange of Thailand ("SET"). However, the shares are currently suspended because the Company was subject to a rehabilitation plan approved by the Central Bankruptcy Court in 2009. The rehabilitation plan was dismissed by the Supreme Court on 3 November 2015, and the Company is in the process of applying to resume trading. The SET has granted an extension to the Company to apply and meet the requirements to resume trading until 31 March 2017.

#### Status of the subsidiary

In 2011, the Central Bankruptcy Court placed Rayong Bulk Terminal Co., Ltd. into receivership resulting in the subsidiary suspending its operations. During 2015, the Central Bankruptcy Court dismissed the subsidiary's appeal against the receivership and the Agreement for Joint Development of Construction of the Pier Area between the subsidiary and IEAT was terminated and the subsidiary set up an allowance for the pier lease right costs of Baht 510 million. Refer to the Note 13.

Subsequently, the Company and subsidiary have withdrawn the various claims and disputes against IEAT, and all parties have agreed in principle to commence the operation of the pier area to the subsidiary to earn income. In addition, the subsidiary has proposed a debt repayment schedule at the Creditors' meeting on 7 October 2015, which is still under their consideration.

### **3. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION**

#### **3.1 Basis of financial statement preparation**

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543 and Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. They are officially prepared in Thai. The translation of these financial statements to other language must conform to the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

### 3.2 New Accounting Standards

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies. These changes have no material effect on the financial statements.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets

TFRS	Topic
TAS 40 (revised 2016)	Investment Property
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Company and subsidiary have made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

### 3.3 Principles of consolidation

These consolidated financial statements include the subsidiary with information below:

Company name	Country	Percentage of holding (%)		Nature of business
		2016	2015	
Rayong Bulk Terminal Co., Ltd.	Thailand	83.25	83.25	Providing pier services and depository of merchandise.

3.4 The percentage of subsidiary's assets and revenues included in the consolidated financial statements as at 31 December 2016 and 2015 are summarized below:

	Percentage of subsidiary's total assets to consolidated total assets		Percentage of subsidiary's total revenues to consolidated total revenues	
	2016	2015	2016	2015
<u>Subsidiary</u>				
Rayong Bulk Terminal Co., Ltd.	6.01	17.67	0.01	16.07

3.5 Significant transactions with subsidiary have been eliminated in the consolidated financial statements.

3.6 The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Revenue and expenditure recognition

The Company recognizes revenues on sales in the statements of profit or loss and other comprehensive income when the significant risks and rewards of ownership have been transferred to buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Service income is recognized principally based on services rendered.

Rental income is recognized under the term of the agreements.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Cost of service is recognized principally based on services rendered.

Expenses are recognized based on an accrual basis during the year.

#### 4.2 Cash and cash equivalents

Cash and cash equivalents represent cash on hand, deposits with financial institutions with maturity of less than three months, short-term highly liquid investments with original maturities of three months or less, without restriction of usage or obligation.

Restricted deposits with bank are presented under non - current assets in the statement of financial position.

#### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. The Company and subsidiary provided allowances for doubtful accounts for the estimated losses that may incur in the collection of receivables. The allowances are generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on a specific account basis.

#### 4.4 Related companies

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

They also included associated companies and individuals which directly or indirectly own a voting interest in the Company and subsidiary that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and directing the Company's operations.

#### 4.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory less all attribute discounts and allowances. Net realizable value is estimated selling price in the ordinary course of business less necessary costs to make inventories ready for sales. The Company set up provision for slow – moving and defective inventories, where necessary, from the consideration of market situation and the aged inventories.

#### 4.6 Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised as if they had been included in the Group consolidated financial statements from initiation using the accounting policies of the Group. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

#### 4.7 Investments

##### *Investment in subsidiary*

Investment in subsidiary in the separate financial statements are stated at cost net of impairment losses (if any).

##### *Other investment*

Equity securities which are not marketable are stated at cost net of impairment losses (if any).

#### 4.8 Plant and equipment

The Company values its property, plant and equipment, as follows:

- |    |  |   |   |
|----|--|---|---|
| a) | Building and factory, berth, office improvement, machinery and equipment, furniture, fixtures and office equipment, experimental instrument and vehicles | - | at appraised value determined by an independent appraiser |
| b) | Other fixed assets   | - | at cost   |

The subsidiary values its property, plant and equipment at cost.

Cost is measured by the cash or cash equivalent price of obtaining the asset to bring it to the location and condition necessary for its intended use. Buildings and equipment are presented in the statement of financial position at cost less accumulated depreciation and allowance for loss on impairment (if any). The Company arranges for re-appraisal of assets by independent appraiser once every three to five years. The Company records the differences incurred from revaluation as follows:



- When an asset value increased as a result of a revaluation, the increase amount is recognized in other comprehensive income and credited to a “Revaluation surplus of assets”. However, a revaluation increase is recognized as reversal of impairment to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense in statements of profit or loss and other comprehensive income.
- When an asset’s carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense in statement of profit or loss and other comprehensive income. However, a revaluation decrease is charged directly against any related “Revaluation surplus of assets” to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

Upon the disposal of the revalued plant and equipment, the relevant portion of the revaluation surplus realized in respect of the previous valuation is released from the plant and equipment valuation surplus directly to retained earnings (deficit).

The Company and subsidiary depreciates its land improvements, plant and equipment by the straight - line method, over the estimated useful lives of the assets based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

	Years
Land improvement	25
Building and factory	5 - 25
Pier	10 - 20
Office improvement	5 - 10
Machinery and equipment	5 - 20
Furniture, fixtures and office equipment	5 - 6
Experimental instrument	5 - 20
Vehicles	5

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as an expense when incurred.

#### 4.9 Right to use pier

The subsidiary depreciates its acquisition cost of right to use pier by the straight-line method over the joint operating agreement period and writes off upon the termination of the agreement.

4.10 Assets not used in operations

Assets not used in operations are presented at carrying amount at the date when the assets are retired from active use, less allowance for impairment.

4.11 Long - term leases – where the Company and subsidiary are the lessee

Leases of equipment where the Company and subsidiary assume substantially all the benefits and risks of ownership are classified as leases. Financial leases are capitalized at the fair value of leases of assets or estimated present value of the underlying lease payments whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Future lease payments net of financial charges are recognized as liabilities under financial lease agreements. The financial expense is charged to statement of profit or loss and other comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss and other comprehensive income on a straight- line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4.12 Long - term leases - where the Company and subsidiary are the lessor

Assets leased out under operating leases are recorded as assets under “equipment” in the statement of financial position. The Company calculates depreciation of these assets over their expected useful lives on a basis consistent with other similar assets. Rental income is recognized on a straight - line basis over the lease period.

4.13 Impairment of assets

Property and equipment and other non - current assets are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of asset is lower than its carrying amount. An impairment loss is recognized as an expense in the statements of profit or loss and other comprehensive income, for asset carried at cost, or treated as a deduction of revaluation increment in the case that the asset is carried at revalue amount to the extent that the impairment loss does not exceed the revaluation increment formerly accounted for on the same asset. A reversal of impairment loss is recognized as income or treated as a revaluation increment when there is an indication that the impairment loss recognized for the asset no longer exists or had decreased. Such a reversal should not

exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### 4.14 Foreign currency translation

The Company and subsidiary translated foreign currency transactions into Thai Baht for bookkeeping purposes at the exchange rates prevailing at the dates of the transactions. Balances of monetary assets and liabilities, denominated in foreign currency, at the closing date are translated into Baht at the exchange rates at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognized as gain or loss in the statements of profit or loss and other comprehensive income.

#### 4.15 Employee benefits

##### *Current employment benefits*

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

##### *Post-employment benefits*

##### Defined contribution plan

The Company and subsidiary and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and the Company and its subsidiary. The fund's assets are held in a separate trustee fund. The Company's and its subsidiary's contributions are recognised as expenses incurred.

##### Defined benefit plan

The Company and subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under the labour law. The Company and its subsidiary set up provision for the obligation under the defined benefit plan based on the amounts determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income and transferred to the retained earnings.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

#### 4.16 Income tax

The income tax expense recognized in profit or loss for the year comprises deferred income taxes and current income tax not recognized in statement of profit or loss and other comprehensive income or directly in equity.

##### *Current income tax*

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, which is different from profit or loss in the financial statements, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

##### *Deferred income tax*

Deferred income taxes are calculated using the liability method on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred income taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the Revenue Department on a net basis or when tax assets and liabilities will be realized simultaneously.

#### 4.17 Basic earnings per share

Basic earnings per share are determined by dividing the net income (loss) for the years by the weighted average number of common shares paid up during the year.

#### 4.18 Financial instruments

The Company and its subsidiary have no policy to speculate in or be engaged in the trading of any financial derivative instruments.

Financial instruments carried in the statement of financial position include cash and cash equivalents, trade accounts receivable, trade accounts payable and loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.19 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

#### 4.20 Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

#### 4.21 Provisions for liabilities and expenses, and contingent assets

The Company and subsidiary recognize provisions for liabilities and expenses in the financial statements when the Company and subsidiary have present legal or constructive obligations as a result of past events with probable outflow of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

### **5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENTS, AND CAPITAL RISK MANAGEMENT**

#### 5.1 Critical accounting estimates, assumption and judgments

##### 5.1.1 Impairment of receivables

The Company and subsidiary set up allowance for doubtful accounts to reflect impairment of trade accounts receivable relating to estimated losses that may result from non-collection of customer accounts. The allowance is based on consideration of historical collection experience couple with a review of outstanding receivables at the statements of financial position date.

##### 5.1.2 decline value and Allowance for defective inventories

The Company maintains an allowance for decline value and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnovers and deterioration of each category.

##### 5.1.3 Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

#### 5.1.4 and equipment Plant

Management regularly determines the estimated useful lives and residual values of the Company and its subsidiary’s plant and equipment and intangible assets, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if they are no longer in use.

#### 5.1.5 Fair value measurement

Management uses valuation techniques to determine the fair value of capital assets. This involves developing estimates and assumptions consistent with how market participants would price capital assets. Management bases its assumptions on observable data as far as possible but this is not always available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

#### 5.1.6 Leases

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

#### 5.1.7 Impairment of assets

The Company and subsidiary treat assets as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

#### 5.1.8 Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on

publicly available mortality tables for the country. Actual post-retirement costs may ultimately differ from these estimates.

#### 5.1.9 Litigation

The Company and subsidiary have the lawsuit disputes. Management use judgement to assess the results of litigations. However, actual results could differ from the estimates.

### 5.2 Capital risk management

The Company's objectives in the management of capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

## 6. CASH AND CASH EQUIVALENTS

The outstanding balances as at 31 December 2016 and 2015 are as follows:

	CONSOLIDATED F/S		(Unit : Thousand Baht) SEPARATE F/S	
	2016	2015	2016	2015
Cash on hand	199	169	164	142
Cash deposit with financial institutions	84,292	27,648	83,749	27,110
Total	84,491	27,817	83,913	27,252

Cash deposits with financial institutions are at the floating interest rate of depository banks.

## 7. RESTRICTED CASH – LEGAL EXECUTION

The subsidiary can withdraw restricted cash only with the approval of the creditors' meeting or the Official Receiver.

**8. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES - NET**

Balances of trade accounts receivable and other receivables as at 31 December 2016 and 2015 are as follows:

			(Unit : Thousand Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Related companies	43,919	80,230	66,288	101,209
Others	102,967	35,461	98,554	31,002
Total	146,886	115,691	164,842	132,211
<u>Less</u> Allowance for doubtful accounts	(47,788)	(76,912)	(65,757)	(93,592)
Net	99,098	38,779	99,085	38,619

Aging analysis of trade accounts receivable and other receivables are as follows:

			(Unit : Thousand Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Not yet due	46,002	13,473	46,793	14,060
Past due :				
Not over 3 months	45,110	23,813	45,179	23,729
3 months to 6 months	5,115	10,959	5,139	11,319
6 months to 12 months	8,851	10,276	9,859	12,383
Over 12 months	41,808	57,170	57,872	70,720
Total	146,886	115,691	164,842	132,211
<u>Less</u> Allowance for doubtful accounts	(47,788)	(76,912)	(65,757)	(93,592)
Net	99,098	38,779	99,085	38,619



During the year, the movements in allowance for doubtful accounts are as follows:

	CONSOLIDATED F/S		(Unit : Thousand Baht)	
	2016	2015	2016	2015
Beginning balance	76,912	155,762	93,592	151,079
Increase	6,771	20,824	8,014	42,187
Decrease	(35,895)	(99,674)	(35,849)	(99,674)
Ending balance	47,788	76,912	65,757	93,592

During the year, the Company wrote off trade receivables that had full allowance for doubtful account of Baht 36 million since they were no longer recoverable through the legal process.

## 9. RELATED PARTY TRANSACTIONS

The Company has significant transactions with its below related parties. These transactions are negotiated based on agreed upon bases which might be different from the bases used for transactions with unrelated parties.

The related parties include the following:

Company	Type of Business	Relationship
Rayong Bulk Terminal Co., Ltd.	Provide wharf frontage service and warehouse service	Subsidiary company and co-directors/co-management team
SC Management Co., Ltd.	Water carriage	The Company's shareholders and co-directors/co-management team
SC Carrier Co., Ltd.	Land carriage	The Company's shareholders and co-directors/co-management team
Sukhumvit Asset Management Co., Ltd.	Financial institution	Subsidiary's shareholders
The Siam Commercial Bank Public Company Limited	Financial institution	The Company's shareholders and subsidiary company
Chemicals and Aromatics (Thailand) Co., Ltd.	Distribution of chemicals	Co-shareholders and directors/co-management team
NP Marine Co., Ltd.	Provide wharf frontage service, warehouse service and water carriage	Co-shareholders and directors/co-management team
SCG Logistics Co., Ltd.	Land and water carriage	Co-shareholders and directors/co-management team
SC Offshore Service Co., Ltd.	Offshore marine services	Co-shareholders and directors/co-management team
Natural Fuel Industries Co., Ltd.	Natural fuel industries from agricultural	Co-shareholders and directors

	by products	
Neco-Trans Siam Co., Ltd. (Formerly “AMT - SC (Thailand) Co., Ltd.”)	Logistics service	Co-shareholders and directors
Platinum Emerald Co., Ltd.	International Seaborne transport	Affiliate company of the Company which has co-shareholders
Scena Offshore Co., Ltd.	Offshore marine services	Co-shareholders and directors/ co-management team
SC Corporation Co., Ltd.	Provide liquid petroleum warehouse service	Co-shareholders and directors
Bangpakong Terminal PCL.	Provide wharf frontage service and warehouse service	Co-shareholders
Inter Spec Global Co., Ltd.	Import and export products	The Company’s shareholders
Thai International Dockyard Co., Ltd.	Dockyard provider	Co-shareholders and directors

The pricing policies for particular types of transactions are explained further below:

Type of Transaction	Pricing Policies
Revenue from sales	Negotiated agreement
Revenue from services	Negotiated agreement
Purchase	Market price
Rental and services fee	Negotiated agreement

Significant balances with related parties for the years ended 31 December 2016 and 2015 are as follows :

	(Unit : Thousand Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	For the years ended 31 December			
	2016	2015	2016	2015
<u>Revenues from services and other income</u>				
Rayong Bulk Terminal Co., Ltd.	-	-	2,620	2,620
SC Management Co., Ltd.	13,365	42,591	12,719	41,521
NP Marine Co., Ltd.	3,905	23	3,905	23
SCG Logistics Co., Ltd.	1,198	5	1,198	5
SC Offshore Service Co., Ltd.	6,460	2,228	6,460	2,228
SC Carrier Co., Ltd.	1,139	27	1,139	27
Neco-Trans Siam Co., Ltd.	139	-	139	-
Platinum Emerald Co., Ltd.	5,998	18,799	5,998	18,799
SC Corporation Co., Ltd.	-	9	-	9
Scena Offshore Co., Ltd	2,866	847	2,866	847
Total	35,070	64,529	37,044	66,079

	(Unit : Thousand Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	For the years ended 31 December			
	2016	2015	2016	2015
<u>Services fees</u>				
SC Carrier Co., Ltd.	51,082	23,494	51,082	23,494
SC Management Co., Ltd.	1,474	945	954	425
Rayong Bulk Terminal Co., Ltd.	-	-	703	756
NP Marine Co., Ltd.	47	-	47	-
Thai International Dockyard Co., Ltd.	2,059	-	2,059	-
Total	54,662	24,439	54,845	24,675
<u>Key management personnel compensation</u>				
Current employee benefits	29,237	13,363	29,237	13,363
Post-employment benefits	639	509	639	509
Total	29,876	13,872	29,876	13,872

Balances with related parties as at 31 December 2016 and 2015 are as follows:

	(Unit : Thousand Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
<u>Trade accounts receivable and other receivables</u>				
Rayong Bulk Terminal Co., Ltd.	-	-	22,605	21,363
SC Management Co., Ltd.	2,869	29,903	2,856	29,743
Natural Fuel Industries Co., Ltd.	9,951	9,951	9,728	9,728
NP Marine Co., Ltd.	694	-	694	-
SC Offshore Service Co., Ltd.	6,814	53	6,814	53
SCG Logistics Co., Ltd.	1,282	5	1,282	5
SC Carrier Co., Ltd.	575	16	575	16
Chemicals and Aromatics (Thailand) Co., Ltd.	-	52	-	52
Platinum Emerald Co., Ltd.	21,327	40,230	21,327	40,230
SC Corporation Co., Ltd.	-	10	-	10
Scena Offshore Co., Ltd.	407	9	407	9
Total	43,919	80,229	66,288	101,209
<u>Less</u> Allowance for doubtful accounts	(28,778)	(47,681)	(51,160)	(68,821)
Net	15,141	32,548	15,128	32,388

The management had considered that the collection of account receivable – related company is very uncertain, therefore had set up adequate provision for such receivable in the accounts.

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
	2016	2015
<u>Deposit</u>		
SC Carrier Co., Ltd.	499	499
<u>Restricted deposit</u>		
SC Management Co., Ltd.	-	21,110

As explained in Note 2, the Agreement for the Joint Development of Construction of the Pier Area between the subsidiary and Industrial Estate Authority of Thailand (“IEAT”) was terminated from the Central Bankruptcy Court’s order. Consequently, IEAT asked the bank who issued the guarantee on behalf of the subsidiary to pay the guarantee amount of Baht 25.99 million. Consequently, on July 2016, the bank requested a related company to repay the bank guarantee on behalf of the subsidiary.

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
	2016	2015
<u>Trade accounts payable and other payables</u>		
Rayong Bulk Terminal Co., Ltd.	-	-
Natural Fuel Industries Co., Ltd.	1,730	1,730
SC Management Co., Ltd.	7,361	1,769
SC Carrier Co., Ltd.	13,099	24,213
SCG Logistics Co., Ltd.	-	4
Chemicals and Aromatics (Thailand) Co., Ltd.	4,709	4,766
NP Marine Co., Ltd.	18	-
Thai International Dockyard Co., Ltd.	20	-
Total	26,937	32,482
<u>Advance received from customers</u>		
Chemicals and Aromatics (Thailand) Co., Ltd.	-	2,561
Rayong Bulk Terminal Co., Ltd.	-	-
Total	-	2,561
<u>Employee benefits obligation</u>		
Key management personnel	5,146	4,145

## 10. INVENTORIES – NET

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Finished goods	81,725	102,122
Raw materials	57	63
Supplies and others	107,843	108,399
Work in process	22	-
Goods in transit	25,781	13,752
Total	215,428	224,336
<u>Less</u> Allowance for declined value of inventories	(5)	(5)
Allowance for defective inventories - supplies	(92,144)	(92,647)
Net	123,279	131,684

During the year, the movements of allowances for declined value and defective inventories are as follows:

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Beginning balance	92,652	94,538
Decrease	(503)	(1,886)
Ending balance	92,149	92,652

#### 11. RESTRICTED DEPOSIT WITH BANK

As at 31 December 2016 and 2015, the Company had pledged fixed deposit from two banks amounting to Baht 1.27 million and Baht 0.18 million, respectively as collateral for electricity usage. In addition, the subsidiary had pledged Baht 4.87 million as collateral for a letter of guarantee issued by a bank.

## 12. INVESTMENT IN SUBSIDIARY - NET

Investment in subsidiary as at 31 December 2016 and 2015 are as follows:

	SEPARATE F/S							
	Percentage of		Thousand Baht					
	shareholding		Paid - up capital		At cost		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Subsidiary</u>								
Rayong Bulk Terminal Co., Ltd.	83.25	83.25	764,000	764,000	636,000	636,000	-	-
<u>Less</u> Impairment of investment in subsidiary					(636,000)	(636,000)	-	-
Net					-	-	-	-

## 13. BUSINESS COMBINATION UNDER COMMON CONTROL

On 27 April 2016, the Company entered into an agreement for the partial transfer of the business of Chemicals and Aromatics (Thailand) Co., Ltd. which Mr. Nuttaphob Ratanasuwanthawee (Company's shareholder and director) is major shareholder. Under the terms of the agreement, the Company received the ammonia and ammonia hydroxide distribution business and its related assets which consisted of ammonia gas bins with related equipment, customer and business contracts, and a license to conduct the distribution business from Chemicals and Aromatic (Thailand) Co., Ltd. ("C&A"). The total value of the acquisition was Baht 282 million, and this acquisition was considered to be a business combination under common control. The difference between the cost of the acquisition and the net book value of the net assets transferred amounted to Baht 255 million, was recorded as "Share discount on business combination under common control" within equity.

The net book values of ammonia and ammonia hydroxide business's assets as at the acquisition date (2 June 2016) and share capital issued for transferring business is summarised below. :

	(Unit : Thousand Baht)
Share capital issued for business transferred	282,897
Net book values of distribution business of ammonia and ammonia hydroxide business's assets as at the acquisition date	(9,150)
Value added tax	(18,483)
Share discount on business combination under common control	255,264

The consolidated and separate statements of financial position as at 31 December 2015 and 2014, the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2015 presented for the comparative period have been adjusted by including the effect from the business combination under common control transactions as though the combination occurred since the first presented. The details are as follow:

	(Unit : Thousand Baht)	
	CONSOLIDATED/ SEPARATE F/S	
	2015	2014
<b>Statement of financial position</b>		
Increased in plant and equipment	78,629	86,242
Increased in surplus on assets revaluation	55,311	60,751
Increased in share surplus on business combination under common control	9,489	10,303
Increased in deferred tax liability	13,878	15,263

	(Unit : Thousand Baht)	
	CONSOLIDATED/ SEPARATE F/S	
<b>Statement of profit or loss and other comprehensive income for the year ended 31 December 2015</b>		
Increased in revenue		122,637
Increased in cost of sales		45,068
Increased in expenses		35,139
Increased in depreciation expenses		7,613
Increased in income tax benefits		1,360
Increased in profit for the year		36,177
Increased in earnings per share		0.02

## 14. PLANT AND EQUIPMENT - NET

(Unit : Thousand Baht)

	CONSOLIDATED F/S AND SEPARATE F/S						2016
	2015 (Restated)	Increase	Prior year carrying value adjustment	Current year revaluation adjustment	Decrease	Transferred in (out)	
<b>Cost and Appraised Value</b>							
Land improvement	70,548	-	-	-	-	-	70,548
Building and factory	3,787,707	-	(3,783,886)	411,680	-	-	415,501
Pier	233,937	-	(213,213)	34,287	-	-	55,011
Office improvement	12,272	-	-	-	6,388	-	5,884
Machinery and equipment	4,042,086	2,260	(3,007,299)	70,569	976	965	1,107,605
Furniture, fixtures and office equipment	120,524	1,882	-	-	31,164	463	91,705
Experimental instrument	23,922	-	-	-	132	-	23,790
Vehicles	307,801	-	(306,108)	6,767	-	-	8,460
Sparepart and supplies - factory	56,835	-	-	-	-	-	56,835
Installation in progress	8	5,159	-	-	-	(1,428)	3,739
<b>Total</b>	<b>8,655,640</b>	<b>9,301</b>	<b>(7,310,506)</b>	<b>523,303</b>	<b>38,660</b>	<b>-</b>	<b>1,839,078</b>
<b>Less Accumulated Depreciation</b>							
Land improvement	31,957	1,587	-	-	-	-	33,544
Building and factory	1,567,556	40,548	(1,570,154)	-	-	-	37,950
Pier	206,063	9,900	(213,213)	-	-	-	2,750
Office improvement	12,272	-	-	-	6,388	-	5,884
Machinery and equipment*	1,567,978	11,795	(1,169,027)	-	952	-	409,794
Furniture, fixtures and office equipment*	55,520	6,228	-	-	30,950	-	30,798
Experimental instrument	15,009	96	-	-	132	-	14,973
Vehicles	115,891	732	(115,122)	-	-	-	1,501
<b>Total</b>	<b>3,572,246</b>	<b>70,886</b>	<b>(3,067,516)</b>	<b>-</b>	<b>38,422</b>	<b>-</b>	<b>537,194</b>
<b>Less Allowance for Impairment of Assets</b>							
Land improvement	28,341	-	-	-	-	-	28,341
Building	2,213,732	465	(2,213,732)	-	-	-	465
Machinery and equipment	2,447,136	1,306	(1,838,272)	-	24	-	610,146
Furniture, fixtures and office equipment	513	-	-	-	214	-	299
Experimental instrument	8,623	-	-	-	-	-	8,623
Vehicles	191,000	-	(190,986)	-	-	-	14
Sparepart and supplies - factory	50,160	-	-	-	-	-	50,160
<b>Total</b>	<b>4,939,505</b>	<b>1,771</b>	<b>(4,242,990)</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>698,048</b>
<b>Plant and equipment – net</b>	<b>143,889</b>						<b>603,836</b>
<b>Depreciation for the year</b>							
Cost of goods sold	-						10,374
Cost of service	16,531						10,729
Selling expense	7,739						45,338
Administrative expense	46,759						4,445
<b>Total</b>	<b>71,029</b>						<b>70,886</b>

\* Depreciation expense of Baht 3.17 million, which occurred from the adjustment under the business combination under common control, were included in each categories of assets.

The Company has revaluation its assets by the independence appraisal under the basis that identified in the Company's accounting policies. The Company engaged American Appraisal (Thailand) Ltd., an independent professional appraisal firm, to reappraise the Company's assets which the report was dated in June 2016, using the replacement cost approach. This caused the allowance for impairment of assets and the surplus on assets revaluation were accounted for during the period.



In addition, the Company valued the assets acquired under the business combination under common control using the average appraisal values from American Appraisal (Thailand) Ltd., and The Valuation and Consultant Co., Ltd. whose valuations were prepared in June 2016, using the replacement cost approach. The Company retroactive adjusted the appraisal values as though the revalued occurred since the first presented.

As at 31 December 2016, a portion of the Company's and its subsidiary's building and equipment had been fully depreciated, but is remained in active use. The gross cost of such assets before accumulated depreciation are totaling Baht 5,767 million. (The Company's portions: Baht 5,767 million)

The machinery and building are mortgaged as collaterals for loan (liabilities under rehabilitation were paid but not yet redeemed the collateral).

#### **15. ACCRUED COMPENSATION EXPENSE AND DEBTS UNDER JOINT OPERATING AGREEMENT**

The Company has committed to pay land rent and compensation to IEAT under a Land Lease Agreement and a Agreement for Joint Development of the Pier Area amounting to Baht 57.09 million (31 December 2015: Baht 56.21 million).

The subsidiary has commitments to pay compensation expenses and debts under the joint operating agreement with IEAT amounting to Baht 27.53 million (31 December 2015: Baht 53.52 million). During the year, an amount of Baht 25.99 million was partially paid as disclosed in Note 9.

#### **16. OTHER CURRENT LIABILITIES - LIABILITY FOR LEGAL CLAIM**

The Company was a joint defendant with a bank for a claim by the Office of the Rubber Replanting Aid Fund (ORRAF), Ministry of Agriculture and Cooperative, relating to the bid price for fertilizers, amounting to Baht 35.20 million. In November 2015, the bank had requested repayment of claim and the Company made a provision in the financial statements as at 31 December 2015 for Baht 35.20 million.

Consequently, the Company and the bank entered into an agreement in June 2016, to settle the claim for Baht 16.66 million, payable within 4 months. The amount was paid in full on 30 September 2016.

The Company recorded the amount of debt forgiven of Baht 18.54 million in the statement of profit or loss and other comprehensive income "Debt forgiveness from legal claim".

#### **17. EMPLOYEE BENEFITS OBLIGATION**

- Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	(Unit: Thousand Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Salaries and wages	46,782	19,228
Social security costs	588	367
Pensions – defined benefit plans	1,874	1,001
Total	49,244	20,596

- Movements in employee benefits obligation for the years ended 31 December 2016 and 2015 are as follows :

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Defined benefit obligation as at 1 January	5,287	4,384
Current service cost	650	511
Interest expense	153	195
Re-measurement – actuarial loss (gain) from :		
- changes in financial assumptions	(1,282)	(87)
- experience adjustment	4,215	284
Defined benefit obligation as at 31 December	9,023	5,287
Wholly unfunded	9,023	5,287

Actuarial gains or losses occurred from the change in the salaries and wages and other factors for the computation of post-employee benefits are presented under shareholders' equity.

- Principal actuarial assumptions at the reporting date for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Percent)

CONSOLIDATED F/S AND  
SEPARATE F/S

	2016	2015
Discount rates	2.72	2.57
Salary growth rate	4.46	3.05
Weighted average duration of the defined benefit obligations (years)	9	10

The present value of the defined benefit obligation was measured using the projected unit credit method.

- Defined benefit plan expenses

Amounts recognised in profit or loss related to the Company's and subsidiary's defined benefit plans are as follows:

(Unit: Thousand Baht)

CONSOLIDATED F/S AND  
SEPARATE F/S

	2016	2015
Current service cost	650	511
Net interest expense	153	195
Total expenses recognised in profit or loss	803	706

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

- Amounts recognised in other comprehensive income related to the Company's and subsidiary's defined benefit plans are as follows:

(Unit : Thousand Baht)

CONSOLIDATED F/S AND  
SEPARATE F/S

	2016	2015
Actuarial loss (gain) from :		
- changes in financial assumptions	(1,282)	(87)

- experience adjustment	4,215	284
Total expense recognised in other comprehensive income	2,933	197

All expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statement of profit or loss and other comprehensive income.

- Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit : Thousand Baht)
	Effect to the defined benefit obligation
	CONSOLIDATED F/S AND SEPARATE F/S
Discount rate (0.5% increment)	(167)
Discount rate (0.5% decrement)	174
Future salary growth (0.5% increment)	164
Future salary growth (0.5% decrement)	(159)

As at 31 December 2016, expected maturity of employee benefits obligation before discount are as follow:

	(Unit : Thousand Baht)
	CONSOLIDATED F/S AND SEPARATE F/S
Within one year	-
Between 2 - 5 years	8,340
Between 6 – 10 years	4,710
Between 11 – 15 years	1,428
Total	14,478

## 18. SHARE CAPITAL

At the Annual General Meeting of Shareholders held on 29 April 2016, the shareholders passed the following resolutions:

- 18.1 Approved the purchase of certain assets and the acceptance of a partial business transfer from Chemicals and Aromatic (Thailand) Co., Ltd. ("C&A"), a related company. The Company would settle the transaction by issuing 1,768,106,235 new common shares to C&A with par value of Baht 0.16, totaling Baht 282,896,997.60. As a result, the Company's registered and paid-up share capital would increase to Baht 1,359,791,320. The Company has registered such change on 13 May 2016 and received paid-up share capital on 2 June 2016. Refer to Note 13.
- 18.2 Following the transaction described in Note 18.1 above, it was approved that the par value of shares would be increased from Baht 0.16 to Baht 0.50, as a result, the share number reduced to 2,719,582,640. The conversion rate of new shares for existing shares is 3.125 existing shares for 1 new share where any fraction of shares will be rounded up to a whole share. The details are as follows :

	Former par value	After adjustment par value
Number of registered share capital (Shares)	8,498,695,750	2,719,582,640
Number of registered share capital - fully paid-up (Baht)	1,359,791,320	1,359,791,320

At the Extraordinary Meeting of the Company Shareholders No. 1/2015 held on 21 December 2015, the shareholders pass a resolution to approve the increase of the Company's authorized share capital (private placement) from Baht 736.89 million to Baht 1,076.89 million by issuing new 2,125,000,000 common shares at Baht 0.16 par value. The Company registered the paid - up share capital with the Department of Business Development on 23 December 2015. The objective of increment is to make repayment to the debts under the rehabilitation plan (previously – liabilities under the rehabilitation plan). Repayment was completely on 28 December 2015.

## 19. EARNING PER SHARE

Change in par value of share capital

Basic earnings per share is calculated by dividing income for the year by the weighted average number of common shares outstanding during the year, after adjusting the number of common shares as a result of the change in par value from Baht 0.16 to Baht 0.50 as explained in Note 18. The number of common shares is adjusted as if the change in par value had occurred at the beginning of the earliest period reported.

Restatement of financial statements and effects on basic earnings per share

	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015 (Restated)	2016	2015 (Restated)
<b>Profit (loss) for the year – portion of the Company's shareholders (Thousand Baht)</b>	396,996	80,267	400,415	(316,200)
No. of share capital (Thousand shares)				
Before share increment	6,730,590	4,605,590	6,730,590	4,605,590
After share increment	1,768,106	2,125,000	1,768,106	2,125,000
No. of share capital registered (Thousand shares) - par value at Baht 0.16 per share	8,498,696	6,730,590	8,498,696	6,730,590
No. of weight average share capital (Thousand shares) - par value at Baht 0.16 per share	7,759,569	628,877.4	7,759,569	4,628,877
No. of share capital registered (Thousand shares) - par value at Baht 0.50 per share	2,719,583	153,789.2	2,719,583	153,789.2
No. of weight average share capital (Thousand shares) - par value at Baht 0.50 per share	483,062.2	481,241.1	483,062.2	481,241.1
<b>Basic earnings (loss) per share (Baht)</b>	0.16	0.05	0.16	(0.21)

**20. PROVIDENT FUND**

The Company and subsidiary and its employee have jointly established a provident funds in accordance with the Provident Fund Act B.E. 2530. Both the Company and subsidiary and its employee contributed to the fund monthly at the rates specified in the regulation of provident fund. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules.

During the years 2016 and 2015, the Company and its subsidiary contributed Baht 1.87 million and Baht 1.00 million, respectively. (Separate F/S: Baht 1.87 million and 1.00 million, respectively).

## 21. EXPENSES BY NATURE

	(Unit : Thousand Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Change in inventories and work in process	20,375	438	20,375	438
Purchases of goods	620,261	807,123	620,261	807,123
Depreciation and amortization	70,886	71,029	70,886	46,888
Loss on written-off pier lease right	-	509,928	-	-
Salaries, wages and employee compensation	56,283	26,125	56,283	26,125
Professional fees	15,575	8,244	15,184	7,934
Compensation paid to IEAT	64,902	62,003	64,902	62,003

## 22. DEFERRED INCOME TAX ASSET AND LIABILITY

Deferred income tax asset and liability are as follows:

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Deferred income tax asset	-	-
Deferred income tax liability	63,247	13,878
<b>Deferred income tax - net</b>	<b>(63,247)</b>	<b>(13,878)</b>

The movements in deferred income tax asset and liability are as follows:

(Unit : Thousand Baht)

## CONSOLIDATED F/S AND SEPARATE F/S

	Recognised as income( expense)			
	1 January	Statement of	Shareholders'	31 December
	2015	income	equity	2016
<b>Deferred income tax liability :</b>				
From surplus on assets revaluation	13,878	(6,289)	55,658	63,247

(Unit : Thousand Baht)

## CONSOLIDATED F/S AND SEPARATE F/S

	Recognised as income( expense)			
	1 January 2014	Statement of income	Shareholders' equity	31 December 2015
<b>Deferred income tax liability :</b>				
From surplus on assets revaluation	15,263	(1,385)	-	13,878

Income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

(Unit : Thousand Baht)

## CONSOLIDATED F/S AND SEPARATE F/S

	2016	2015
Current income tax expense	-	-
The amount of deferred income tax expense relating to the initial and reversal of temporary differences	(6,289)	(1,385)
Income tax expense	(6,289)	(1,385)
<b><i>Income tax recognizes in other comprehensive income</i></b>		
From surplus on assets revaluation	55,658	-



Deferred tax assets have not been recognised in respect of the following items:

(Unit: Thousand Baht)

	CONSOLIDATED F/S AND SEPARATE F/S	
	2016	2015
Deductible temporary differences		
Depreciation expense and Impairment of assets	935,011	983,816
Tax losses carried forward	90,112	29,272
Others	305,2	1,498
Total	1,027,428	1,014,586

The tax losses expire in 2020. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

## 23. FINANCIAL INSTRUMENTS

Financial instruments carried on the consolidated statement of financial position and the separate statement of financial position include cash and cash equivalents, restricted deposits, trade account receivables, other receivables, investment in subsidiary, other long-term investment, trade account payables, unearned revenue from sales and services, accrued compensation expense and debts under joint operating agreement and business rehabilitation plan, short-term loans and accrued interest from related companies. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies (See note 4 to the financial statements).

The financial risks of the Company and subsidiary associate with these financial instruments. The management policies on these risks are described below:

### Liquidity risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company and subsidiary within the normal terms of trade. To manage this risk, the Company and subsidiary periodically assess the financial viability of customers.

### Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates, which may have a negative effect to current and future operations of the Company and subsidiary. However, the Company and subsidiary have no hedging agreement to protect against such risk.

Credit risk

Credit risk is the risk that a counter party is unable or unwilling to meet a commitment that it entered into with the Company and subsidiary. The risk is controlled by the application of credit approvals, limits and monitoring procedures.

The carrying amount of accounts receivable recorded in the statement of financial position and consolidated statement of financial position net of allowance for doubtful accounts, if any, represents the maximum exposure to credit risk.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models or net asset values as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, restricted deposits, trade accounts receivable and other receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Investment in subsidiary and other long-term investment, for which there is no quoted market prices - fair value cannot be properly calculated.

Trade accounts payable and unearned revenue from sales and services - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

## **24. FAIR VALUES MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table present assets that are measured at fair value as at 31 December 2016.

(Unit : Thousand Baht)			
<u>Assets</u>	CONSOLIDATED F/S AND SEPARATE F/S		
	Level 1	Level 2	Level 3
Plant and equipment	-	-	581,267

Fair value of the Company's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

## 25. SEGMENT REPORTING

The segment financial information of the Company and its subsidiary for the years ended 31 December 2016 and 2015 are as follows:

(Unit : Thousand Baht)						
	CONSOLIDATED F/S					
	For the years ended 31 December					
	2016			2015 (Restated) (Unaudited)		
	Sales of chemical and other chemical related services	Pier and warehouse services	Total	Sales of chemical and other chemical related services	Pier and warehouse services	Total
Revenues from sales of Chemical products	867,497	-	867,497	1,018,867	-	1,018,867
Revenues from the rendering of services	-	156,510	156,510	-	142,335	142,335
Cost of Chemical products sold	(648,066)	-	(648,066)	(860,242)	-	(860,242)
Cost of services	-	(48,063)	(48,063)	-	(51,034)	(51,034)
<b>Gross Profit</b>	<b>219,431</b>	<b>108,447</b>	<b>327,878</b>	<b>158,625</b>	<b>91,301</b>	<b>249,926</b>
Other income	-	5,546	5,546	-	1,639	1,639
Debt forgiveness from legal claim	18,539	-	18,539	-	-	-
Income from debt restructuring	-	-	-	258,290	-	258,290
Reversal of allowance for doubtful accounts	-	24,901	24,901	(2,020)	47,008	44,988
Reversal of provision for gypsum relocation	247	-	247	30,966	-	30,966
Reversal of allowance for impairment on assets	207,600	36,635	244,235	-	-	-
Reversal of accrued compensation expense and debts under joint operating agreement	-	-	-	-	250,665	250,665
Selling expenses	(48,993)	-	(48,993)	(21,218)	-	(21,218)
Administrative expenses	(63,782)	(11,256)	(75,038)	(66,264)	(9,036)	(75,300)
Loss from liability from guarantee	-	-	-	(35,199)	-	(35,199)
Loss from impairment of other long-term investment	(302)	-	(302)	-	-	-
Loss from written off pier lease right	-	-	-	-	(509,928)	(509,928)
Factory shut down expenses	(80,690)	(14,239)	(94,929)	(59,006)	(8,046)	(67,052)
Expenses from suspension of pier	-	(15)	(15)	-	(40,972)	(40,972)
<b>Profit (loss) from operation before financial costs</b>	<b>252,050</b>	<b>150,019</b>	<b>402,069</b>	<b>264,174</b>	<b>(177,369)</b>	<b>86,805</b>
Financial costs	(4,349)	(767)	(5,116)	(13,027)	(1,776)	(14,803)
<b>Profit (loss) Before Tax</b>	<b>247,701</b>	<b>149,252</b>	<b>396,953</b>	<b>251,147</b>	<b>(179,145)</b>	<b>72,002</b>
Financial costs	6,289	-	6,289	1,385	-	1,385
<b>Profit (loss) for the year</b>	<b>253,990</b>	<b>149,252</b>	<b>403,242</b>	<b>252,532</b>	<b>(179,145)</b>	<b>73,387</b>
<b>Total assets</b>	<b>870,921</b>	<b>153,692</b>	<b>1,024,613</b>	<b>400,803</b>	<b>70,730</b>	<b>471,533</b>
<b>Total liabilities</b>	<b>(232,786)</b>	<b>(41,080)</b>	<b>(273,866)</b>	<b>(299,548)</b>	<b>(52,862)</b>	<b>(352,410)</b>

Plant and equipment of each segment represent the segmental operating assets, while other assets principally represent cash and cash equivalents, trade account receivables, other receivable, inventories, other current assets, investments and other non-current assets.

#### Major Customer

Major customer for external revenue is Saksri Industrial Co., Ltd.

## 26. LONG - TERM AGREEMENTS

26.1 The Company has land lease agreement for plant site with the Industrial Estate Authority of Thailand ("IEAT") for a period of 30 years starting from 18 September 1992 to 17 September 2022, and pay for rental fee as follows:

	In Million Baht (Per year)
Year 1 – 10	22.3
Year 11 – 17	24.5
Year 18 – 20	20.4
Year 21 – 30	22.5

26.2 The Company has the Agreement for Joint Development of the Pier Area with IEAT and agreed to pay compensation expenses starting from 30 April 1996 as follows:

	In Million Baht (Per year)
Year 1 – 10	15.4
Year 11 – 20	18.7
Year 21 – 30	23.2

26.3 From starting the operations, the Company has to pay for the shipping in and out of goods passing through the pier, at the rate of Baht 6.1 per ton based on actual quantity of goods passing through. The said rate will be increased by 4% per annum from the rate of previous year. From the year 2002, if the actual quantity of goods passing through is less than 700,000 tons per annum, the subsidiary company will have to pay an amount equivalent to 700,000 tons per annum.

**27. COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2016,

27.1 The Company and its subsidiary have commitments for letters of guarantee issued by banks totaling Baht 19.54 million.

27.2 The Company has committed to pay land rent and compensation to IEAT under the Land Lease Agreement and the Agreement for Joint Development of the Pier Area amounting to approximately Baht 412.53 million

27.3 The Company has commitment related to the rental and service charges with the agreement as follows :

Year	Baht
Due within one year	4,200,000
Due over 1 year but not over 5 years	2,550,000
Total	6,750,000

27.4 The Company has commitment to pay the professional fee to a financial consultant firm amounting to Baht 0.2 million per month until the Company is allowed to resume trade and additional of Baht 1 million when the Company's share capital is approved for resume trade.

27.5 The Company has commitment to pay the consultant fee to a legal consultant firm amounting to Baht 0.6 million starting March 2017 until the Company get the approval from SET to resume its trading.

27.6 The Company has commitment to pay the security expenses according to the agreement starting from 1 June 2016 to 31 May 2560 amount of Baht 345,679 per month.

**28. RECLASSIFICATION**

Certain amounts in the statement of financial position as at 31 December 2015 statements profit or loss or other comprehensive income for the year then ended, have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S	
	As reclassified	As previously reported
Discontinued operations assets held	-	51,668
Assets not use in operations	25,083	-
Restricted deposit with related company	21,110	-
Restricted deposit with bank	4,875	-
Other assets	600	-

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S	
	For the year ended 31 December 2015	
	As reclassified	As previously reported
Revenue from sales of chemical product	1,018,867	896,779
Revenues from the rendering of services	142,335	142,828
Cost of Chemical products sold	860,242	790,441
Cost of services	51,034	34,326
Other income	1,639	78,637
Reversal of allowance for doubtful accounts	44,988	-
Reversal of allowance for impairment on gypsum	30,966	-
Selling expenses	21,218	20,599
Administrative expenses	75,300	51,574
Provision for doubtful accounts - related company	-	1,316
Expenses from suspension of production factory	67,052	100,822
Financial costs	14,803	4,712

(Unit : Thousand Baht)

## SEPARATE F/S

	For the year ended 31 December 2015	
	As reclassified	As previously reported
Revenue from sales of chemical product	1,018,867	896,779
Revenues from the rendering of services	144,955	145,448
Cost of Chemical products sold	860,242	790,441
Cost of services	51,034	34,377
Other income	1,266	31,309
Reversal of allowance for impairment on gypsum	30,966	-
Selling expenses	21,218	20,599
Administrative expenses	74,296	50,571
Provision for doubtful accounts - related company	23,383	22,679
Expenses from suspension of production factory	67,052	100,822
Financial costs	14,283	4,193

**29. LITIGATION**

During the year 2016, the Company has been sued by the Company's former employees calling for payment of compensation Baht 8.49 million for the termination of employment agreements. The cases are still under the court consideration. However, the Company has not recorded compensation provision for this case because the management considers that the prosecution does not follow the legal process.

As at 31 December 2016, the outcome of the above litigation has not been determinable.

**30. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's Board of Directors on 3 March 2017.