

Annual Report 2018

# Growth

PM Thoresen Asia Holdings Public Company Limited



**PMTA**  
PMThoresenAsia

# CONTENTS

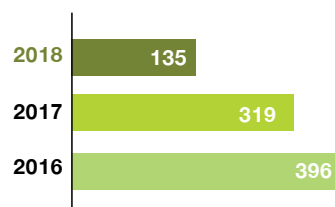
Key Figures.....	B
Group Financial Summary.....	1
Message from Chairman and Managing Director.....	2
Importance Changes and Developments.....	4
Board of Directors and Executive Officers.....	6
Business Review and Outlook.....	18
Corporate Social Responsibility.....	28
Corporate Governance Report.....	30
Risk Factors.....	36
Audit Committee Report.....	40
Internal Control and Risk Management.....	42
Financial Highlights.....	45
Income Structure.....	46
Management Discussion and Analysis.....	47
Statements of the Board of Directors' Responsibilities for the Financial Statements.....	52
Consolidated and Company Financial Statements.....	53
Related Parties Transactions.....	98
Dividend Policy.....	101
Remuneration of Auditors.....	102
Management Structure.....	103
Shareholding Structure.....	113
Company Investments.....	114
Corporate Information.....	115

## Key Figures

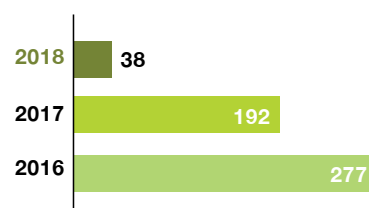
### Revenue Baht 2,783 Million



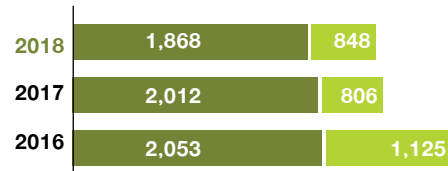
### EBITDA Baht 135 Million



### Net Profit Baht 38 Million



### Revenue from Sales Breakdown



■ Domestic Sales (Vietnam)  
■ Export Sales

(million Baht)

# Group Financial Summary

For the Year Ended 31 December 2016, 2017 and 2018

	For the year		
	2016	2017	2018
	(in million Baht)		
<b>Statement of comprehensive income:</b>			
Revenue from Sales	3,177.7	2,818.1	2,715.6
Revenue from rendering of services	55.2	55.0	63.6
Cost of sales	2,567.1	2,293.3	2,374.8
Cost of rendering of services	40.6	48.5	59.6
Selling expenses	204.1	192.1	194.9
Administrative expenses	92.3	102.5	95.4
<b>Profit for the year</b>	<b>277.0</b>	<b>191.8</b>	<b>37.7</b>
<i>Basic earnings per share (in Baht)</i>	<i>2.74</i>	<i>1.89</i>	<i>0.37</i>
<b>Statement of financial position (at end of year):</b>			
Cash and cash equivalents	473.5	307.1	202.8
Inventories	465.2	730.2	1,039.6
Plant and equipment	622.0	629.6	590.8
<b>Total assets</b>	<b>2,012.1</b>	<b>2,006.7</b>	<b>2,121.2</b>
Short-term borrowings from financial institutions	-	106.1	366.0
<b>Total liabilities</b>	<b>323.5</b>	<b>440.0</b>	<b>610.6</b>
Issued and paid up share capital	1,012.0	1,012.0	1,012.0
<b>Total shareholders' equity</b>	<b>1,688.6</b>	<b>1,566.7</b>	<b>1,510.6</b>
<b>Other financial data:</b>			
Net cash generated from (used in) operating activities	435.9	(12.2)	(237.1)
Net cash generated from (used in) investing activities	(53.5)	(151.0)	(28.5)
Net cash generated from (used in) financing activities	(207.2)	(3.2)	154.0
<b>Financial ratios:</b>			
Return on Equity (%)	17%	12%	2%
Return on Total Asset (%)	17%	12%	3%
Net profit margin (%)	9%	7%	1%
Interest Bearing Debt to Equity (Times)	-	0.1	0.2
Net Interest Bearing Debt to Equity (Times)	(0.3)	(0.1)	0.1
<b>Historical EPS and Dividend Payment</b>			
Earning per Share (Baht)	2.74	1.89	0.37
Dividend per Share (Baht)	1.17	1.00	0.50 <sup>/1</sup>
Number of Shares (million)*	101.20	101.20	101.20

\*as end of Period

<sup>/1</sup> It is subjected to the approval of the 2019 Annual General Meeting of shareholders that will be held on 22 April 2019.

# Message from Chairman and Managing Director



**Mr. Chalermchai Mahagitsiri**  
Chairman of the Board  
of Directors (Left)

**Mr. Sigmund Stromme**  
Managing Director (Right)

**"PMTA is determining to further develop and improve the quality of our products and services in order to retain our customers' trust. We strongly believe that the experiences and determination of our managements and employees shall lead the Company towards the sustainable growth."**

## Dear Shareholders

2018 was a challenging year for the Company as an overview of the fertilizer industry was in a difficult time. The Company was dealing with a diminishing demand of the Vietnamese farmers as a result of the relatively low price of their major agriculture products. Moreover, a wide area of agricultural land was affected from the salinity soil. As a result, the farmers chose to purchase the lower quality fertilizer for their plantations. Therefore, the Company has been facing with a lessen purchasing power of the farmers. In addition, the raw material price that increased and remains high compared with the previous year, is the main reason for our falling domestic fertilizer's margin.

Even though the Company is confronted with a challenging market where we cannot influence the pricing, the Company is not compromise on our operational improvements. We are striving to increase the profitability through the improved efficiency production and improve in the quality of our fertilizer products. Baconco is always making sure that we secure a safe work environment and we shall continue our relentless work to achieve a zero accident in our factory.

Despite many of the negative factors and difficulties, the Company is able to achieve a domestic sales volume at Baht 1,867.5 million which is accounted

69 percent and the exports sales volume was at Baht 848.1 million which is accounted for 31 percent of total sales volume. The export markets are now mainly West Africa and Philippines. For our factory area management service business, the demand of the high quality warehouse has continued to grow. Currently, Baconco's total factory area is 66,420 square meters and all are fully occupied. At the end of 2018, PMTA delivers total revenue of Baht 2,779.2 million with a net profit of Baht 37.7 million.

While PMTA operates the business with commitment to growth, the Company has never neglected to fulfill social responsibility. Baconco's management retained their effort on energy saving and regulatory compliance. Moreover, Baconco is able to maintain its high operation efficiency in environmental production management to meet and exceed the requirement of the Vietnamese authority. In addition, PMTA has always remembered to return to the society. In 2018, Baconco; our core subsidiary, funded the Football

for All in Vietnam Foundation in order to arrange the football activities for the children which Baconco has been being sponsored for many years. Also, Baconco was together with the Vietnamese local official, sponsored the poor families in Tra Vinh province to fixing their houses. We believe this is not only the opportunity for us to give back to the society by giving the opportunity for the disadvantaged but it also boosts morale of the employees and implant a sense of sharing within the employees which is the key to human resource development.

In conclusion, PMTA is determining to further develop and improve the quality of our products and services in order to retain our customers' trust. We strongly believe that the experiences and determination of our managements and employees shall lead the Company towards the sustainable growth. On behalf of the Board of Directors, managements and employees, we would like to thank you all shareholders and investors for your continued supports.



**Mr. Chalermchai Mahagitsiri**  
Chairman of the Board of Directors



**Mr. Sigmund Stromme**  
Managing Director

# Important Changes and Developments

## April 1995

- Baconco Company Limited (“Baconco”) was incorporated under the Laws of Vietnam as a Joint Venture Company between SCPA - SIVEX International (“SSI”) and two other Vietnamese investors. According to the investment certificate dated 27 April 1995.

## December 2006

- Baconco was converted into a Single Member Limited Liability Company after SSI purchased the remaining 3.98 percent from Vietnamese investors.

## June 2008

- EMC Gestion S.A.S (“EMCG”) bought 100 percent of Baconco from SSI.

## July 2009

- Thoresen Thai Agencies Public Company Limited (“TTA”) invested in Baconco through Soleado Holdings Pte. Ltd. (“Soleado”), a subsidiary of TTA, where it purchased all EMCG shares from EMC S.A.S (“EMC”).

- Baconco’s new management stepped in to improve Baconco’s agrochemical business management and to maximize Baconco’s redundant factory space by leasing it.

## February 2011

- Soleado purchased all shares of Baconco from EMCG for the purpose of its shareholding restructuring, resulting in Soleado being Baconco’s sole and direct shareholder.



### June 2013

- P M T A w a s incorporated with a registered and paid-up capital of Baht 1 million for the purpose of investing in other companies (holding company).

- P M T A purchased all of Baconco's shares held by Soleado following a plan to separate Baconco in order to offer its shares to the public and list it in the Stock Exchange of Thailand ("SET") through a holding company.

### November 2013

- P M T A invested in Atlantis Offshore Construction Pte. Ltd. and changed its name to PM Thoresen Asia (Singapore) Pte. Ltd. ("PMTS")

- P M T A increased its registered capital from Baht 1 million to Baht 931 million with a par value of Baht 10 per share. Capital-increase shares were issued and offered to existing shareholders to accommodate the purchase and transfer of Baconco's shares from Soleado.

### February 2014

- P M T A was registered and converted into a Public Company Limited. It increased its registered capital to Baht 1.012 billion to accommodate the IPOs of its capital-increase shares and for other actions it may require to do prior to the listing in the SET.

### February 2015

- The expansion of the granulation unit was completed therefore, the total capacity of the granulation increased to 450,000 metric tons per year which Baconco has stated the calibration and trial run production since August 2014 and the commercial production started in February 2015.

### May 2015

- P M T A has successfully listed in the SET and its first trading day was on 6 May 2015.

### December 2017

- Baconco completed the construction of the additional factory area and the total factory area has been increased to 66,420 square meters.



# Board of Directors and Executive Officers



**Mr. Chalermchai Mahagitsiri**

- Chairman of the Board of Directors
- Chairman of Executive Committee
- Member of Risk Management Committee



**Mrs. Suvimol Mahagitsiri**

- Director



**Pol. Lt. Gen. Prakard  
Satamarn**

- Independent Director
- Chairman of Audit Committee
- Member of Nomination and Remuneration Committee



**Assoc. Prof. Dr. Sathit  
Parniangtong**

- Independent Director
- Member of Audit Committee
- Chairman of Nomination and Remuneration Committee
- Chairman of Risk Management Committee





**Mr. Somporn Chitphentom**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee



**Mr. Rapee Moungnont**

- Independent Director
- Member of Audit Committee



**Mr. Jitender Pal Verma**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee



**Mr. Sigmund Stromme**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee
- Managing Director

**Mr. Chalermchai Mahagitsiri  
(Age 40)**

- Chairman of the Board of Directors
- Chairman of Executive Committee
- Member of Risk Management Committee

**Date of first appointment :**  
6 January 2014

**(%) of shareholding as of  
31 December 2018:**

8.51

**Educations**

- M.S. in Finance, Boston University, USA
- B.S. in Finance, Suffolk University, USA

**Trainings/Certifications**

- Digital Edge Fusion (DEF), Sripatum University, class 1/2017
- Academy of Business Creativity (ABC), Sripatum University, class 4/2016
- Ultra Wealth - Invest Like A Master, class 2/2016
- Capital Market Academy Leadership Program, class 17/2013, Capital Market Academy
- Director Certification Program (DCP), class 53/2005, Thai Institute of Directors Association
- Director Accreditation Program (DAP), class 30/2004, Thai Institute of Directors Association

**Working Experiences**

**Listed companies**

- 2018 - present : Director, Seven Utilities and Power Public Company Limited
- 2014 - present : Chairman of the Board of Directors and Chairman of Executive Committee, PM Thoresen Asia Holdings Public Company Limited
- 2012 - present : President & Chief Executive Officer Thoresen Thai Agencies Public Company Limited
- 2012 - present : Vice Chairman, Unique Mining Services Public Company Limited
- 2011 - present : Director, Posco - Thainox Public Company Limited
- 2011 - present : Director, Thai Film Industries Public Company Limited
- 2009 - 2011 : Director and Vice Chairman, Posco - Thainox Public Company Limited

**Listed companies in other countries**

- 2015 - Jan 2019 : Director, Sino Grandness Food Industry Group Limited
- 2012 - present : Chief Executive Officer and Executive Vice Chairman, Mermaid Maritime Public Company Limited

**Non-listed companies**

- 2018 - present : Director, Asia Infrastructure Management (Thailand) Company Limited
- 2018 - present : Director, CM Corporate Company Limited
- 2018 - present : Director, Siam Taco Company Limited
- 2018 - present : Director, Four One One Ecommerce Company Limited
- 2017 - present : Director, Thoresen Shipping (Thailand) Company Limited
- 2016 - present : Director, Mermaid Subsea Services Saudi Arabia Company Limited
- 2016 - present : Director, PMT Property Company Limited
- 2016 - present : Director, Laser Game Asia Company Limited
- 2016 - present : Director, TTA Suez Company Limited
- 2016 - present : Director, Natural Bev Company Limited
- 2014 - present : Director, Mermaid Subsea Services LLC
- 2014 - present : Director, Mermaid International Ventures
- 2014 - present : Director, Premo Shipping Public Company Limited
- 2014 - present : Director, Thoresen Shipping FZE Limited
- 2014 - present : Director, Mermaid Maritime Mauritius Limited

2014 - present	: Director, Chidlom Marine Services & Supplies Limited
2014 - present	: Director, Gulf Agency Company (Thailand) Limited
2014 - present	: Director, GAC Thoresen Logistics Limited
2014 - present	: Director, PH Macaron Company Limited
2014 - present	: Director, Athene Holdings Limited
2014 - present	: Director, Thoresen & Company (Bangkok) Limited
2014 - present	: Director, Fearnleys (Thailand) Limited
2014 - present	: Director, Asia Coating Services Limited
2014 - present	: Director, PMFB Limited
2014 - present	: Director, Thor Fortune Shipping Pte. Ltd.
2014 - present	: Director, Thor Friendship Shipping Pte. Ltd.
2014 - present	: Director, Thoresen Shipping Company Pte. Ltd.
2013 - present	: Director, PM Thoresen Asia (Singapore) Pte. Ltd.
2013 - present	: Director, Baconco Company Limited
2013 - present	: Director, Thoresen (Indochina) S.A.
2013 - present	: Director, MTR-1 Limited
2013 - present	: Director, PM Quality Food and Beverage Company Limited
2013 - present	: Director, Thoresen Shipping Singapore Pte. Ltd.
2013 - present	: Director, Mermaid Drilling Limited
2013 - present	: Director, Asia Offshore Drilling Limited
2013 - present	: Director, Asia Offshore Rig 1 Limited
2013 - present	: Director, Asia Offshore Rig 2 Limited
2013 - present	: Director, Asia Offshore Rig 3 Limited
2013 - present	: Director, Mermaid Subsea Services (Thailand) Limited
2013 - present	: Director, Four One One (411) FUN Company Limited
2012 - present	: Director, MTR-2 Limited
2012 - present	: Director, Mermaid Subsea Services (Thailand) Ltd.
2012 - present	: Director, MTR-1 (Singapore) Pte. Ltd.
2012 - present	: Director, Coffee Gallery Company Limited
2012 - present	: Director, Soleado Holdings Company Limited
2011 - present	: Director, Phaholyothin Garden Company Limited
2011 - present	: Director, Mountain Creek Development Company Limited
2011 - present	: Director, M Creek Land Company Limited
2010 - present	: Executive Director, Sak Chaisidhi Company Limited
2012 - present	: Chief Executive Officer, Four One One Entertainment Company Limited
2005 - present	: Chief Executive Officer, PM Group Company Limited
2005 - present	: Director, PM Corp Company Limited
2002 - present	: Director, Lakewood Kitchen Company Limited
2002 - present	: Director, ACME Camps Company Limited
1998 - present	: Director, Lakewood Country Club Company Limited
1998 - present	: Director, Lakewood Land Company Limited
Present	: Director, Quality Coffee Products Company Limited
2010 - 2014	: Executive Director, LYNN Phillips Asset Company Limited

### Relation among family with other directors and executives :

Son of Mrs. Suvimol Mahagitsiri

**Mrs. Suvimol Mahagitsiri  
(Age 72)**

- Director

**Date of first appointment :**

25 April 2016

**(%) of shareholding as of  
31 December 2018:**

0.66 (including the shareholding of spouse)

**Educations**

- B.A. in Business Administration, Grossmont Junior College, USA
- B.A. in Political Science, Ramkhamhaeng University

**Trainings/Certifications**

- Role of the Chairman Program (RCP), class 16/2007, Thai Institution of Directors Association
- Director Accreditation Program (DAP), class 26/2004, Thai Institution of Directors Association

**Working Experiences**

**Listed companies**

2016 - present : Director, PM Thoresen Asia Holdings Public Company Limited

1983 - present : Vice Chairman, Thai Film Industries Public Company Limited

**Non-listed companies**

2002 - present : Vice Chairman, Lakewood Land Company Limited

2002 - present : Vice Chairman, Lakewood Country Club Company Limited

2002 - present : Vice Chairman, Lakewood Kitchen Company Limited

1992 - present : Vice Chairman, PM Group Company Limited

1989 - present : Vice Chairman, PM Group Company Limited

**Relation among family with other directors and executives :**

Mother of Mr. Chalermchai Mahagitsiri

**Pol. Lt. Gen. Prakard  
Satamarn  
(Age 76)**

- Independent Director
- Chairman of Audit Committee
- Member of Nomination and Remuneration Committee

**Date of first appointment :**

25 January 2017

**(%) of shareholding as of  
31 December 2018:**

None

**Educations**

- Bachelor of Laws (LL.B.), Thammasat University

**Trainings/Certifications**

- Director Accreditation Program (DAP), class 45/2005, Thai Institute of Directors Association
- Advanced Management Program, class 1, National Defense College
- National Defense Course, class 37, National Defense College
- International Police Program, USA

**Working Experiences**

**Listed companies**

2017 - present : Independent Director,  
PM Thoresen Asia Holdings Public Company Limited

**Non-listed companies**

2005 - present : Advisor to Directors, Queen Sirikit National Convention Center

2004 - present : Advisor, Thai Nam Thip Company Limited

2007 - 2008 : Chairman of the Board of Directors,  
Bang Pakong Water Works Company Limited

2007 - 2008 : Chairman of the Board of Directors,  
Chachoengsao Water Works Company Limited

2007 - 2008 : Chairman of the Board of Directors,  
Nakhon Sawan Water Works Company Limited

2006 - 2007 : Advisor, Deputy Interior Minister

2006 - 2007 : Advisor to the Board of Directors, State Railways of Thailand

2000 - 2006 : Member of the Disciplinary Committee,  
Office of the Auditor-General

2000 - 2003 : Commander of Police Forensic Science, Royal Thai Police

2000 - 2002 : Commander of Police Forensic (Investigation) Science,  
Royal Thai Police

**Relation among family with other directors and executives :**

None

**Assoc. Prof. Dr. Sathit Parniangtong (Age 65)**

- Independent Director
- Member of Audit Committee
- Chairman of Nomination and Remuneration Committee
- Chairman of Risk Management Committee

**Date of first appointment :**

6 January 2014

**(%) of shareholding as of 31 December 2018:**

None

**Educations**

- Ph. D. (Operations Management and Finance), University of Wisconsin, USA
- M. Eng (Industrial and Systems Engineering), University of Wisconsin, USA
- B.S. (Industrial and Manufacturing Engineering), University of Wisconsin, USA

**Trainings/Certifications**

- Risk Management Program for Corporate Leaders (RCL) class 13/2018, Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP), class 13/2013, Thai Institute of Directors Association
- Directors Certification Program (DCP), class 128/2010, Thai Institute of Directors Association

**Working Experiences**

**Listed companies**

- 2014 - present : Independent Director, PM Thoresen Asia Holdings Public Company Limited
- 2010 - present : Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee, Patum Rice Mill and Granary Public Company Limited

**Non-listed companies**

- 2001 - present : Associate Professor, Part Time Faculty Faculty of Commerce and Accountancy, Thammasat University and Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 2001 - 2015 : Executive Director, Head of General Management & Strategy Department Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 2002 - 2003 : Director of Management Project-Collaboration with Michael E. Porter : Creating the Foundations for Higher Productivity of Thailand Office of the National Economic and Social Development Board (NESDB)
- 1989 - 2000 : Executives, Booz Allen & Hamilton, AT Kearney, Leading consulting firms located in Washington DC, USA
- 1989 - 1997 : Adjunct Professor, George Washington University, Washington DC, USA
- 1985 - 1989 : Adjunct Professor, University of Texas, Austin, USA
- 1982 - 1989 : Executives, Baxter- multinational consumer manufacturer, American Airlines-transportation firm, located in Illinois and Texas

**Relation among family with other directors and executives :**

None

**Mr. Somporn Chitphentom  
(Age 57)**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee

**Date of first appointment :**

29 January 2015

**(%) of shareholding as of  
31 December 2018:**

None

**Educations**

- Master in Public Policies, Harvard University, USA
- Bachelor of Science in Business Administration, Boston University, USA

**Trainings/Certifications**

- Director Certification Program (DCP), class 178/2013, Thai Institute of Directors Association
- Executive Finance Management Program, Fiscal Policy Research Institute Foundation, Ministry of Finance
- Good Governance for Directors and High Level Executives, King Prajadhipok's Institute
- The Asia Pacific Bankers Congress
- Central Bank Policies and Operations in the Money and Foreign Exchange Markets

**Working Experiences**

**Listed companies**

- 2015 - present : Director, PM Thoresen Asia Holdings Public Company Limited
- 2015 : Executive Vice President, Corporate Finance and Accounting, Thoresen Thai Agencies Public Company Limited
- 2014 - 2015 : Acting Chief Executive Officer and Executive Vice President, Finance and Accounting, Unique Mining Services Public Company Limited
- 2013 - 2015 : Executive Vice President, Corporate Strategy, Thoresen Thai Agencies Public Company Limited

**Non-listed companies**

- 2015 - Jul. 2017 : Secretary-general, National Savings Fund
- 2013 - 2015 : Director, UMS Distribution Company Limited
- 2013 - 2015 : Director, UMS Lighter Company Limited
- 2013 - 2015 : Director, UMS Plate Energy Company Limited
- 2013 - 2015 : Director, UMS Port Services Company Limited
- 2013 - 2015 : Director, PM Group Company Limited
- 2009 - 2013 : Senior Executive Vice President, Export - Import Bank of Thailand

**Relation among family with other directors and executives :**

None

**Mr. Rapee Moungnont  
(Age 53)**

- Independent Director
- Member of Audit Committee

**Date of first appointment :**  
25 April 2016

**(%) of shareholding as of  
31 December 2018:**  
None

**Educations**

- MBA, Indiana University, USA
- Bachelor of Accounting, Thammasat University

**Trainings/Certifications**

- Certified Management Consultant (CMC),  
Institute of Management Consultants Association of Thailand (IMCT)
- Capital market Academy Leadership Program, Capital Market Academy
- Director Certification Program (DCP), class 80/2006,
- Thai Institute of Directors
- Economic and Fiscal Management, King Prajadhipok's Institute
- Financial Executive Development Program - FINEX 15, The Thai Institute of Banking and Finance Association
- ICO's International Executive Training Program in Development Banking Madrid # 1

**Working Experiences**

**Listed companies**

2016 - present : Independent Director,  
PM Thoresen Asia Holdings Public Company Limited

**Non-listed companies**

2010 - present : Director, Rajamangala University of Technology Rattanakosin

2009 : Director & Acting President,  
Thai Credit Guarantee Corporation (TCG)

2005 - 2009 : Audit Committee, Thai Credit Guarantee Corporation (TCG)

2005 - 2009 : President of The Employee Welfare Committee,  
Thai Credit Guarantee Corporation (TCG)

2008 : President, Thailand Privilege Card Company Limited

2005 - 2008 : Director & Acting President,  
Thailand Privilege Card Company Limited

2005 - 2008 : Director & Executive Committee,  
Thailand Privilege Card Company Limited

Executive Committee, The Institution of Management  
Consultants Association of Thailand (IMCT)

2005 : Deputy Director General, The Office of SMEs Promotion  
(OSMEP) (responsibility to venture capital & OTOP)

2004 : Executive Vice President,

2002 - 2003 : Vice President of Venture Capital 2 Department Small and  
Medium Enterprise Development Bank of Thailand (SME  
BANK)

2000 - present : Guest Speaker,  
- Thammasat University  
- Chulalongkorn University  
- National Institute of Development Administration (NIDA)  
- King Mongkut's University of Technology Thonburi  
- Ramkhamhaeng University  
- Mahidol University  
- Burapha University

**Relation among family with other directors and executives :**  
None



**Mr. Jitender Pal Verma**  
**(Age 54)**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee

**Date of first appointment :**

15 May 2017

**(%) of shareholding as of  
31 December 2018:**

None

**Educations**

- Bachelor of Commerce (Honors), University of Delhi, India
- Fellow Chartered Accountant (FCA)

**Trainings/Certifications**

- Diploma Examination, class 49/2016, Thai Institute of Directors Association
- The Board's Role in Mergers and Acquisition (M&A), class 1/2011, Thai Institute of Directors Association
- Director Certification Program (DCP), class 78/2006, Thai Institute of Directors Association

**Working Experiences**

**Listed companies**

- 2017 - present : Director PM Thoresen Asia Holdings Public Company Limited
- 2015 - present : Senior Executive Vice President and Group CFO Thoresen Thai Agencies Public Company Limited
- 2005 - 2011 : CFO and Acting Managing Director, Thainox Stainless Public Company Limited

**Listed companies in other countries**

- 2016 - present : Non-Executive Director, Mermaid Maritime Public Company Limited
- 2011 - 2015 : Board's Member, Executive Director & CFO, Jindal Stainless Ltd.

**Non-listed companies**

- 2017 - present : Director, Thoresen Indochina S.A.
- 2017 - present : Director, Thoresen Shipping (Thailand) Company Limited
- 2017 - present : Director, Baconco Company Limited
- 2017 - present : Director, PH Capital Company Limited
- 2017 - present : Director, MTR-1 Company Limited
- 2017 - present : Director, MTR-2 Company Limited
- 2017 - present : Director, MTR-1 (Singapore) Pte. Ltd.
- 2017 - present : Director, Seascope Surveys Pte. Ltd.
- 2017 - present : Director, Mermaid Subsea Services LLC
- 2016 - present : Director, Mermaid Subsea Services Saudi Arabia Company Limited
- 2016 - present : Director, Mermaid Subsea Services (Thailand) Limited
- 2016 - present : Director, Mermaid Subsea Services (International) Limited
- 2016 - present : Director, PMT Property Company Limited
- 2016 - present : Director, Petrolift Inc.
- 2016 - present : Director, Thoresen & Company (Bangkok) Limited
- 2016 - present : Director, Chidlom Marine Services & Supplies Limited
- 2016 - present : Director, Gulf Agency Company (Thailand) Limited
- 2016 - present : Director, GAC Thoresen Logistics Limited
- 2016 - present : Director, Fearnleys (Thailand) Limited
- 2015 - present : Director, Mermaid Drilling Limited
- 2015 - present : Board's Member, Soleado Holdings Pte. Ltd.
- 2015 - present : Board's Member, Thoresen Shipping FZE
- 2015 - 2016 : Board's Member, Thoresen Shipping Singapore Pte. Ltd., Singapore
- 2003 - 2005 : Finance Director Asia, Dole Asia, Philippines
- 2002 - 2003 : Asia Regional Treasurer, Dole Food Company, Hong Kong
- 1998 - 2002 : Finance Director and Controller, Dole Thailand Limited, Thailand
- 1996 - 1998 : Finance Director, Seagate Technology, Thailand

**Relation among family with other directors and executives :**

None

**Mr. Sigmund Stromme**  
**(Age 62)**

- Director
- Member of Executive Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee
- Managing Director

**Date of first appointment :**

6 January 2014

**(%) of shareholding as of  
31 December 2018:**

0.05

**Educations**

- Master in Computer Science Finance/Administration, EDB Hoeyskolen, Norway

**Trainings/Certifications**

- Director Certification Program (DCP), class 182/2013, Thai Institute of Directors Association

**Working Experiences**

**Listed companies**

- 2014 - present : Director and Managing Director, PM Thoresen Asia Holdings Public Company Limited
- 2016 - present : Executive Vice President - Agro & Logistics, Thoresen Thai Agencies Public Company Limited
- 2015 - 2016 : Executive Vice President - Shipping & Logistics, Thoresen Thai Agencies Public Company Limited

**Non-listed companies**

- 2016 - present : Director, Thoresen & Company (Bangkok) Limited
- 2016 - present : Director, Chidlom Marine Services & Supplies Limited
- 2015 - present : Director, Thoresen Shipping Singapore Pte. Ltd.
- 2015 - present : Director, Fearnleys (Thailand) Limited
- 2015 - present : Director, Gulf Agency Company (Thailand) Company Limited
- 2015 - present : Director, GAC Thoresen Logistics Limited
- 2015 - 2016 : Director, Thoresen Shipping and Logistics Limited
- 2015 - present : Director, Petrolift Inc.
- 2014 - present : Chairman, Thoresen-Vinama Agencies Company Limited
- 2013 - present : Director, Sharjah Ports Services LLC
- 2013 - present : Director, Thoresen Shipping FZE
- 2013 - present : Director, PM Thoresen Asia (Singapore) Pte. Ltd.
- 2012 - present : Chairman, Thoresen-Vinama Logistics Company Limited
- 2010 - present : Director, Baria Joint Stock Company of Services for Import Export of Agro-Forestry Products and Fertilizers
- 2009 - present : Chairman, Baconco Company Limited
- 2003 - present : Director, Thoresen (Indochina) S.A.
- 2000 - present : Chairman, The NORDIC Chamber of Commerce, Ho Chi Minh City, Vietnam

**Relation among family with other directors and executives :**

None

**Mr. Pornthep Lertvorratham  
(Age 49)**

- Chief Financial Officer

**Date of appointment :**

1 June 2016

**(%) of shareholding as of  
31 December 2018:**

0.16

**Educations**

- Master degree, Emporia State University, USA
- Bachelor of Economics, Chulalongkorn University

**Trainings/Certifications**

- Risk Management Program for Corporate Leaders (RCL) class 13/2018, Thai Institute of Directors Association

**Working Experiences**

**Listed companies**

2016 - present : Chief Financial Officer,  
PM Thoresen Asia Holdings Public Company Limited

2015 - 2016 : Chief Financial Officer,  
Unique Mining Services Public Company Limited

2013 - 2015 : Associate Director, Thoresen Thai Agencies PLC.

**Non-listed companies**

2011 - 2012 : Vice President, PM Group Company Limited

2005 - 2011 : Vice President, Advance Finance Company Limited

**Relation among family with other directors and executives :**

None

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**Ms. Sawaree Sawaddeejan  
(Age 31)**

- Manager, Accounting and Finance

**Date of appointment :**

10 March 2014

**(%) of shareholding as of  
31 December 2018:**

None

**Educations**

- Bachelor of Accounting, Srinakharinwirot University

**Professional experiences**

**Listed companies**

2014 - present : Manager, Accounting and Finance,  
PM Thoresen Asia Holdings Public Company Limited

**Non-listed companies**

2008 - 2014 : Senior Audit Assistant,  
Ernst and Young Corporate Services Limited

**Relation among family with other directors and executives :**

None

# Business Review and Outlook

## Company Background

PM Thoresen Asia Holdings Public Company Limited (“PMTA” or “the Company”) was established on 7 June 2014 and was traded in the Stock Exchange of Thailand since 6 May 2015. PMTA is a subsidiary of Thoresen Thai Agencies Public Company Limited (“TTA”). PMTA is a holding

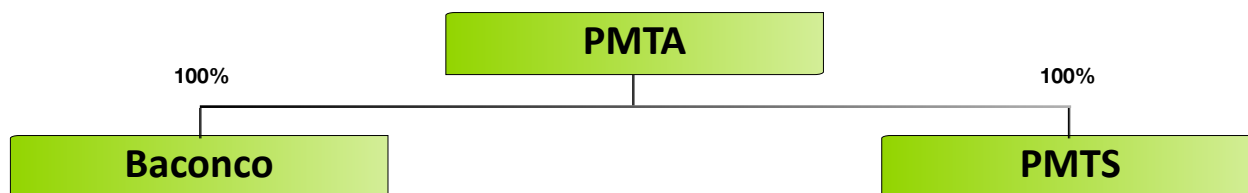
company that has a policy to invest in well-performed companies of which business is related to the Company’s business in order to reinforce the strength of its core business through investment. The Company however may invest in any other business considered appropriate. The Company currently owns 100 percent of Baconco Company

Limited (“Baconco”) that operates the agrochemical business and factory area management service in Vietnam. Also, the Company owns 100 percent of PM Thoresen Asia (Singapore) Pte. Ltd. (“PMTS”) that was incorporated to handle the raw material procurement to support Baconco’s agrochemical business.

## VISION

To be the market leader and reference for the highest quality NPK and crop care solution and provider of high standard, and professional factory management service

## Shareholding Structure



## Business review and outlook

Baconco is currently operating in the agrochemical industry, having its headquarter located at the Phu My I Industrial Park, Vung Tau Province, Ba Ria Vung Tau Area, in southern Vietnam. Baconco develops, manufactures, markets and distributes compound fertilizers and single fertilizers with a total production capacity of approximately 450,000 metric tons per year and had the packaging capacity of 550,000 metric tons per year. All Baconco’s fertilizers distributed in Vietnam, are under the “STORK” trademark registered by Baconco since 2005. The STORK brand has been highly-recognized and credited for quality and reliability, a result from Baconco’s strategy to produce high-quality fertilizers with major nutrients of nitrogen (N), phosphate (P<sub>2</sub>O<sub>5</sub>) and potash (K<sub>2</sub>O).



Baconco’s trademark, STORK, has been registered in Vietnam since 2005.

In order to expand customer base and increase sales and distribution channels overseas, Baconco also manufactures and distributes fertilizers for external customers. At present, it exports fertilizers relation over 30 countries worldwide with main clusters of customers in Africa, MEA and SEA. Apart from the fertilizers, Baconco also distributes pesticides in Vietnam and foliar both in Vietnam and abroad where it outsources production process and packaging of pesticides based on formulas and criteria determined thereby to the third party. In addition, Baconco markets, sells and distributes fertilizers, pesticides and foliar under its trademarks registered in Vietnam and overseas.

Having seen an opportunity to increase competitiveness and to take advantage of the factory’s location situated in close proximity with the Phu My I Industrial Park, Baconco also provides the factory management service to generate recurring incomes and to diversify risk into other businesses.

## A. Nature of Products or Services

### 1. Fertilizer

The essential ingredients in chemical fertilizers are nitrogen (N), phosphate ( $P_2O_5$ ) which provides phosphorus (P), and potash ( $K_2O$ ) which provides potassium (K) as well as other supplements. Major and supplementing nutrients restore and increase soil nutrients to enhance cultivation yields and productivity. Nitrogen not only helps leaves required for photosynthesis to grow quickly but also helps producing seeds. Phosphorus encourages trunks to grow, strengthens and expands roots. Potassium is used in the transportation and production of starch to feed growing parts or to roots and stems while reducing infection.

Overall, the Company believes that one of its core strengths is the ability to offer a wide range of high-quality and well-recognized agrochemical products that could respond to myriads of customer's needs both in Vietnam and overseas. By selling products under its trademark, Baconco not only highlights its merchandises but also turns them into "top-of-mind" product for consumers.

#### 1.1 NPK Compound Fertilizers

NPK Compound Fertilizers are composed of all three main nutrients, namely, nitrogen (N), phosphate ( $P_2O_5$ ) which provides phosphorus (P), and potash ( $K_2O$ ) which provides potassium (K) for plants. The N-P-K mix may vary according to purposes and each crop's biological needs. Baconco sells NPK Compound Fertilizers both in Vietnam and overseas. These fertilizers are Baconco's main products. NPK Compound Fertilizers accounted for 93.1%, 87.2% and 81.5% of Baconco's total sales revenues as end of 31 December 2016, 2017 and 2018, respectively. Baconco also produced more than 95 formulas of NPK Compound Fertilizer for coffee, rice, rubber, vegetables and various other crops.

### 1.2 Other Fertilizers

The Other Fertilizers segment includes single fertilizer which contains a single nutrient; and compound fertilizer composing of at least two nutrients. The fertilizers are widely used due to the flexibility they offer end users to mix as desired. As end of 31 December 2016, 2017 and 2018, other fertilizer products accounted for 1.8%, 7.1% and 11.8% of total sales revenues, respectively.

### 2. Other Agrochemical products

Other Agrochemical Products include pesticides and foliar which Baconco outsources and repackages for sales under its trademark. Other agrochemical products accounted for 5.1%, 5.7% and 6.7% of Baconco's total sales revenues as end of 31 December 2016, 2017 and 2018 respectively.

#### 2.1 Pesticides

Pesticides are biochemical or chemically-synthesis substances created to protect, destroy, deter or discourage pests. Mostly-found pests are insects, plant pathogens, weeds and microbes that spread disease, damage agricultural products and reduce production. Baconco distributes its pesticide products under the STORK trademark in Vietnam only.

#### 2.2 Foliar

Foliar fertilizers are liquid fertilizers sprayed onto plants to be consumed through leaves which absorb nutrients faster than through roots. Foliar offers similar nutrients to the NPK Compound fertilizer; that's why foliar are commonly used with fruits and vegetables for higher and better productivity.

### 3. Factory Management Service

Baconco is located in southern Vietnam at the Phu My I Industrial Park, Ba Ria Vung Tau Area, which is 70 kilometers from Ho Chi Minh City. Locating next to the river, the Phu My I Industrial Park attracts industries and is one of Vietnam's export centers in the South. The industrial estate also benefits from demands for storage of goods or raw materials prior to shipping or logistics. Since the cyclical nature of agrochemical business both in Vietnam and overseas depends on agricultural activities in each seasonal time, Baconco's factory spaces are free in some period of time. Baconco therefore foresees an opportunity to offer factory management service to industries to generate recurring incomes and to also diversify its business risk to maintain sustainable growth.

To elaborate, Baconco I ("BCC I") and Baconco III ("BCC III") are for the Company's raw materials, finished products, parts and others required for its agrochemical business while redundant areas may be leased to tenants on a short-term basis. Baconco V ("BCC V") was reserved for foliar packaging line expansion and the other space remaining for factory management service. Baconco's storage facilities can be segmented to different sizes to suit customers' requirements. The facilities also offer integrated services such as parking lot for trucks, trucking area, security guards and other infrastructures (electricity, water and ventilation system).

## B. Marketing and Competition

Baconco has started distributing fertilizers in Vietnam under the STORK trademark since 1995 before officially registering it ten years later. Baconco's strategy is to directly capture wholesalers who are direct customers while complementing demands of end-users. Because of Baconco's superior products and strong brand image, it has become one of the leaders in Vietnam's agrochemical.

After the Company's acquisition of Baconco in 2009, Baconco's management has shifted its focus to exports where it busily expanded markets in South East Asia and Africa by building new customer base from the existing customer and business partner networks. Most of Baconco's fertilizers exported to other countries are manufactured by customer orders or as contracted. At present, the basis of this group of customers is traders who distribute products under their trademarks.

### 1. Competitive Strategy

As Vietnam's economy is driven by the agro industry together with the fact that fertilizer is a commodity, Vietnam's agrochemical industry is heavily competitive. Nonetheless, thanks to Baconco's superior products, it is able to retain its position as one of the market leaders in the local agrochemical scene. The STORK trademark is widely recognized and renowned for its product quality and is Baconco's main competitive strategy. Baconco business strategies are as follows.

1. Use of imported raw materials which boast higher quality than local ones in the production process.
2. Innovation of a chemical additive unique to Baconco, namely Urea Super Phosphate (USP), and its unique fertilizer coating substance named Bio Stimulant. The USP additive extends fertilizer life by delaying Nitrogen reaction in the fertilizer which in effect optimizes the crop's need for nutrients. Moreover, Bio Stimulant coating substance increases efficiency by regulating a reaction of the fertilizer which therefore releases a right amount of nutrients as needed by the crop.

### 2. Target Customer and Marketing Strategy

#### Target Customers

Baconco's main products are fertilizers which are distributed locally in Vietnam under the STORK trademark and internationally; as well as other agrochemical products. Due to different business nature in domestic and international markets, Baconco has different groups of target customers in each market.

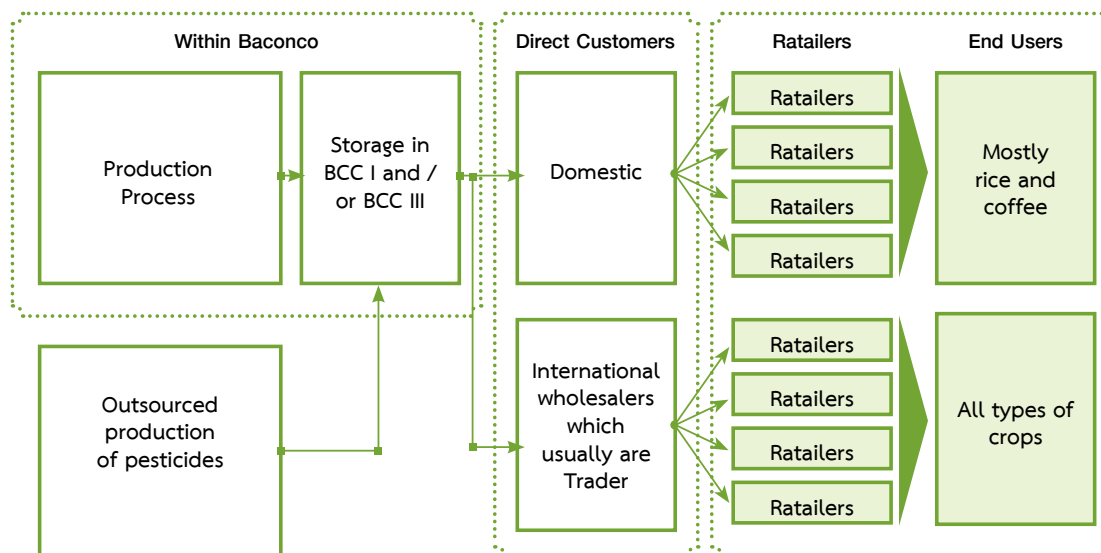
In Vietnam, Baconco's direct and major customers for NPK Compound Fertilizers, Single Fertilizers, Compound Fertilizers, Foliar and Pesticides are wholesalers who distribute products to retailers and end users. In the export markets, Baconco's direct customers for NPK Compound Fertilizers, Single Fertilizers, Compound Fertilizers and Foliar are traders. In these markets, Baconco acts as a manufacturer and Baconco products are not sold under its STORK trademark.

#### Marketing Strategy

To respond to the nature of its customer base, Baconco conducts active direct marketing campaigns aimed to penetrate all groups of targeted customers in Vietnam. Baconco continues to focus at domestic marketing campaigns by organizing small meetings, seminars and events which target different types of customers for different purposes. For example, Baconco organizes small meetings with farmers mainly to advise them suitable fertilizers for use. The Company is there to also provide Baconco's product knowledge and introduce other products. Aside from increasing sales revenues from these small meetings, Baconco also aims to boost sales through domestic fertilizer retailers. That's why it has organized seminars for retailers throughout the country to introduce them to new products and to allow them to understand the products and able to sell more.

### 3. Distribution Channels

#### Agrochemical business



Baconco directly sells its products to wholesalers in Vietnam who re-distribute them to end users. For domestic markets, due to a favorable climate in southern Vietnam which makes it more appropriate for cultivation than in the north and where consumers buy fertilizer on the basis of its quality, Baconco's sales teams in the southern part outnumber those in the north. Meanwhile, Baconco's international customers are trading companies who contract Baconco to manufacture fertilizers. The products, in other words, are not sold under Baconco's STORK trademark. Land

transportation is the main choice for customers in Vietnam and countries in the Mekong delta while marine transportation is the major alternative for shipping products overseas.

Aside from fertilizer, Baconco also sells two types of pesticides, namely, Baconco formula pesticides which it outsources the third party to manufacture and do the packaging; and pesticides which Baconco is only a distributor. The finished products will be distributed through land or marine transportation via a port within the Phu My I Industry Park.

Baconco has a network of more than 300 wholesale customers in and outside Vietnam. Baconco's STORK fertilizers have been sold in Vietnam since 1995 and the trademark was officially registered in 2005. In addition, the export values were Baht 1,125.0 million in FY2016, Baht 805.6 million in FY2017 and Baht 848.1 million in FY2018. The exports are Baconco's strategy to naturally hedge exchange rates between the Vietnamese Dong and the US Dollar resulted from imports of raw materials for fertilizer production.

The following table features sales revenues categorized by markets.

	For the year ended 31 December 2018		For the year ended 31 December 2017		For the year ended 31 December 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales in Vietnam	1,867.5	68.8	2,012.5	71.4	2,052.7	64.6
Revenue from sales other country	848.1	31.2	805.6	28.6	1,125.0	35.4
<b>Total revenue</b>	<b>2,715.6</b>	<b>100.0</b>	<b>2,818.1</b>	<b>100.0</b>	<b>3,177.7</b>	<b>100.0</b>

#### 4. Industry Overview and Competition

##### Global Fertilizer Market

According to the report on World Fertilizer Trends and Outlook to 2020 by the Food and Agriculture Organization of the United Nations, total fertilizer nutrient consumption is estimated at 191.8 million metric tons in 2019 and is forecasted to reach 201.6 million metric tons by the end of 2020. Asia is the largest consumer of fertilizer in the world and most of which are consumptions from East and South Asia.

The table below depicts supplies and demands of the world's fertilizer industry classified by macronutrients in each geographic area in 2019.

Supply / Demand of Fertilizers	Macronutrients (Thousand Metric Tons)		
	Nitrogen	Phosphate	Potash
<b>World</b>			
Surplus / -Deficit <sup>1/</sup>	15,792	14,971	7,200
Supply	132,907	45,669	43,179
Demand	117,115	30,698	35,979
<b>Africa</b>			
Surplus / -Deficit <sup>1/</sup>	8,513	1,566	-923
Supply	8,514	8,368	-85
Demand	4,126	6,802	838
<b>Americas</b>			
Surplus / -Deficit <sup>1/</sup>	-5,082	12,130	3,461
Supply	19,087	8,402	15,948
Demand	24,169	-3,728	12,487
<b>Asia</b>			
Surplus / -Deficit <sup>1/</sup>	5,296	1,758	-9,536
Supply	75,821	24,676	8,061
Demand	70,525	22,918	17,597
<b>Europe</b>			
Surplus / -Deficit <sup>1/</sup>	12,514	63	14,594
Supply	28,921	3,763	19,263
Demand	16,407	3,700	4,669
<b>Oceania</b>			
Surplus / -Deficit <sup>1/</sup>	-1,324	-546	-396
Supply	564	460	-8
Demand	1,888	1006	388

Note : <sup>1/</sup> Calculated from a difference between supply and demand. A surplus (positive) is when supply is higher than demand and a deficit (negative) is when demand is higher than supply.

Source: World Fertilizer Trends and Outlook to 2020, Food and Agriculture Organization of the United Nations



## Vietnam's Fertilizer Industry

Although there is the challenging from the weather conditions, Vietnam's fertilizer industry still has high potential. This is driven by a stable and constant fertilizer demand since more than 60 percent of the population work in the agricultural sector.

The table below displays product details and production capacity of major fertilizer producers in Vietnam.

Group	Company	Product	Productivity (Metric Tons per Year)
Vinachem	Ninh Binh Phosphate Fertilizer JSC	FMP	300,000
		NPK	150,000
	Southern Fertilizer Company ("SFC")	Superphosphate	200,000
		NPK	300,000
	Lam Thao Fertilizer and Chemical ("Lam Thao")	Superphosphate	750,000
		FMP	140,000
		NPK	700,000
	Van Dien Fused Magnesium Phosphate Fertilizer Company	FMP	270,000
		NPK	150,000
	Binh Dien Fertilizer Company ("Binh Dien")	NPK	500,000
	Can Tho Fertilizer & Chemical JSC	NPK	more than 200,000
	Ha Bac Urea Company (Ltd)	Urea	190,000
	Ninh Binh Urea Company	Urea	560,000
DAP 1 Company	DAP	330,000	
PVN	PetroVietnam Fertilizer and Chemical JSC	Urea	800,000
	Ca Mau Fertilizer Plant	Urea	800,000
Others	Five Star International Group	NPK	300,000
		Fertilizer Complex	n/a
		Specialized Fertilizer	n/a
	Baconco	NPK	450,000
	General Materials Biochemistry Fertilizer JSC	NPK	360,000
	Japan Vietnam Fertilizer Company ("JVf")	NPK	350,000

Source: Estimated by Baconco

## Baconco's Strengths

### Unique Product with Enhancing Chemical Additives

With scarce land resource but high demands for agriculture products, it is crucial for farmers to produce high-yielding crops to maintain their profitability and sustainability. That's why farmers increasingly need effective fertilizers that can enhance crop yields. With Baconco's yield-enhancing chemical additives, STORK fertilizers are recognized for quality and efficiency in improving productivity and are differentiated from competitors' products in the same market. Apart from the standard formula NPK compound and single fertilizers, Baconco also produces and distributes fertilizers with Urea Super Phosphate (USP) mix and Bio stimulant additives. USP and Bio Stimulant are unique to Baconco's fertilizers and the Company is the only production plant in Vietnam allowed to utilize bio-stimulants from France to coat granulated fertilizers.

### Comprehensive Agrochemical Product Producer

Baconco is a comprehensive producer of crop care solutions. It offers both fertilizers and pesticides. In the fertilizer segment, Baconco is also a comprehensive fertilizer manufacturer, meaning that it produces fertilizers in four different forms - granulated, bulk blended, compacted and foliar. A wide variety of products provides the company with an opportunity to capture a wide range of the market as Baconco can accommodate different customer needs and effectively adapt to market changes.

### **Ability to Speedily Launch and Develop New Products**

A critical component of Baconco's growth is its flexibility to respond to changing market needs. That's why Baconco has the Product Development Team invent and experiment fertilizers of new formulas to increase quality and to enhance product efficiency. The team also tests new formula fertilizers to accommodate demands in Vietnam and overseas. This unit therefore is critical to Baconco's market expansion and product varieties.

### **Strong Distribution Network Fostered by Customer Relationship**

The fertilizer industry in Vietnam is highly competitive due to government interventions by selling agrochemical products through the State Enterprise who will distribute to the end users with the credit term of payment. Therefore, a good relationship with customers is very crucial for Baconco's success. Despite the obstacle, Baconco continues to retain its leadership as one of the market leaders in high-quality fertilizers thanks to extensive customer networks and long-lasting business relationship, resulting from the expertise of the management and the effective marketing strategy.

### **Proximity to Logistics Channels**

Baconco's BCC 1 is adjacent to the Baria Port, the Phu My I Industrial Park's main port, which adds competitive advantage to Baconco both in terms of cost controlling and servicing. Its location next to the port enables Baconco to reduce logistics costs of transporting raw materials and finished products. Moreover, the proximity provides Baconco an ability to deliver on-time logistic service. Timeliness is critical because Baconco distributes fertilizer locally and internationally. Aside from competitions in pricing and quality, service is also critical for retaining existing and attracting new customers especially when orders are made in large bulk during their harvest seasons.

### **Partnership with Leading Logistics Firms**

The well-established relationship with the leading logistic company benefits Baconco's fertilizer and factory area leasing businesses. Thanks to the collaboration, Baconco can provide on-time delivery and excellent distribution services which are among key factors to bolster its growth especially for the fertilizer market. Baconco is one of the few fertilizer producers boasting a comprehensive production process, namely fertilizer production, storage for raw and finished materials and logistics capability.

### **Successful Presence in the World Market**

Baconco's exported fertilizers are widely used in developing countries worldwide especially in Southeast Asia and Africa.

### **Streamline Operations Through a Low-Inventory System**

Thanks to Baconco's experienced management who foresees financial risk from inventory due to the industry's cyclical nature, the firm opts for a low-inventory policy aimed to naturally hedge an exchange risk incurred from volatility between the Vietnamese Dong versus other currencies as well as raw and finished product price volatility. Since fertilizer is a commodity good and is highly volatile due to global market conditions, Baconco's policy is to have the least amount of inventory as possible to enable the company to become flexible and to quickly adjust both production costs and product prices so that Baconco can effectively control profit margins.

### **Risk management through Market Expansion**

The agrochemical industry in Vietnam is volatile. Market conditions and demands depend on several factors such as rainfall, humidity levels and temperature. After the Company's invested in Baconco in 2009 and the new management was appointed, it changed a strategy to better manage risks. Baconco has focused more at export to reduce concentration risk in Vietnam while this is also a natural hedging strategy against exchange rate volatility between Vietnamese Dong and US Dollar incurred through raw material imports for fertilizer production since Baconco's exports are also carried out in US Dollar. Baconco's export sales revenues totaled Baht 1,125 million, Baht 806.5 million and Baht 848.1 million; or 35.4%, 28.6% and 31.2% of the total management in FY2016, FY2017 and FY2018 respectively. The new management also sees new business opportunities from factory management service. Not only will this generate recurring income for Baconco, but it also helps stabilizing the Company's performance. Incomes from the factory management service business have steadily increased. Baconco's revenues from the business were Baht 55.2 million, Baht 55.0 million and Baht 63.6 million in 2016, 2017 and 2018, respectively.

## C. Procurement of Products and Services

### 1. Procurement of Raw Materials

#### Fertilizer Products

Baconco's procurement policy aims to balance its long-term profitability and sustainability. Apart from pricing considerations through bidding processes, Baconco also considers raw material quality, supplier's creditability and other agreements. Macronutrients and micronutrients are essential raw materials in the production of fertilizers. Major macronutrients components for the production of fertilizers are calcium, magnesium, potassium and sulfur; while essential micronutrients are boron, copper, iron, manganese and zinc.

Baconco has a network of the raw material suppliers in and outside of Vietnam to abate the risk of geographical supply stocks causing production hold-up problems. To reduce raw material uncertainty, Baconco has signed long-term contracts with its major suppliers. However, for quality consistency, Baconco opts to buy raw materials from reliable existing suppliers to manage procurement risk. Baconco also works closely with other suppliers who are its emergency sources of raw materials and as a means to monitor market conditions and prices.

#### Pesticides

Apart from fertilizers, Baconco also sells pesticides. Due to business restrictions, it has to outsource the product to the third party for production and packaging on the basis of formulas and standards it requires.

### 2. Production Plant and Storage Facilities

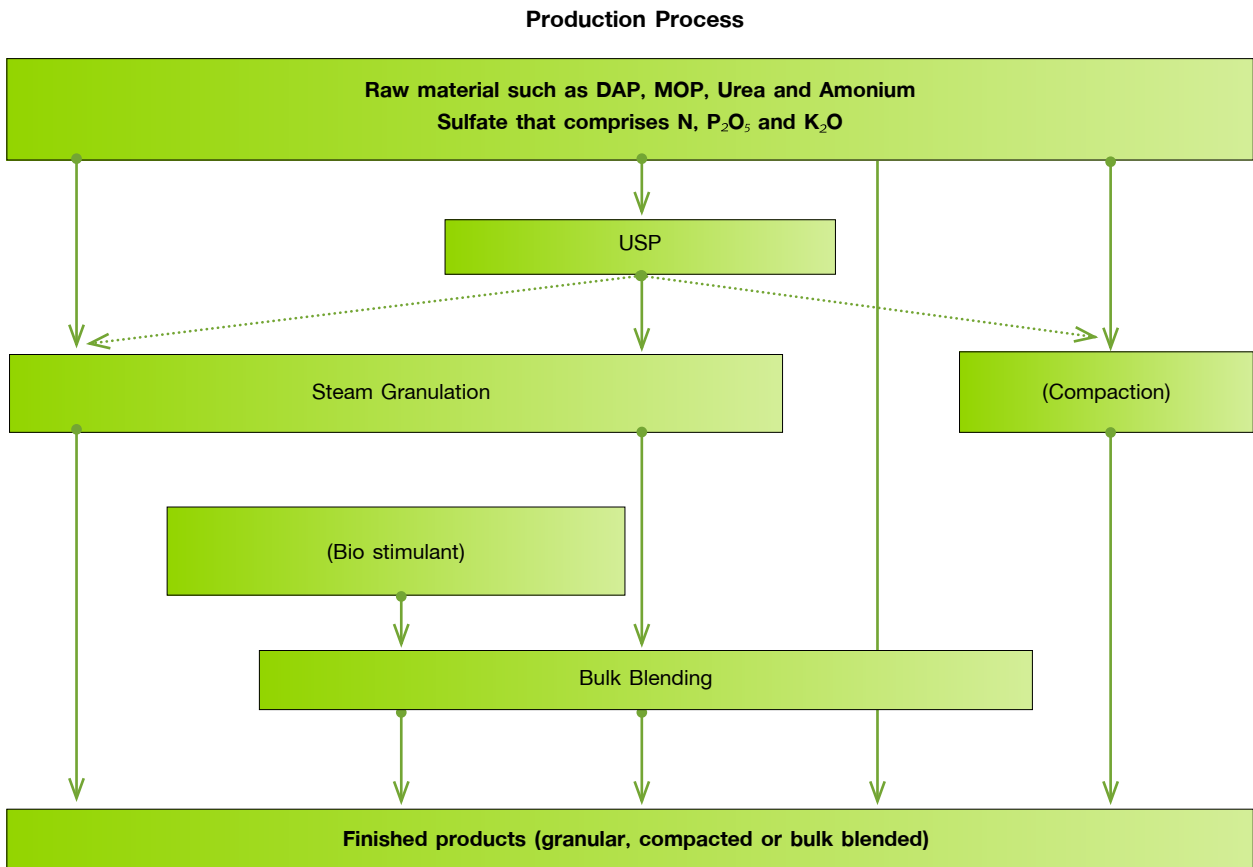
Baconco's production plant and storage facilities are strategically located in a close proximity to port, land transportation, markets and raw material suppliers.

#### Detail of the Storage Facility

Facility:	Baconco 1	Baconco 3	Baconco 5				
Name:	BCC I	BCC III	BCC 5A	BCC 5B.1	BCC 5B.2	BCC 5B.3	BCC5C
Date of Operation:	Apr. 2010	Feb. 2012	Mar. 2013 & Jan 2014	Mar. 2015	Jun. 2016	Dec. 2017	Dec. 2017
Rentable Area:	2,000 sq. m.	2,000 sq. m.	27,000 sq. m.	11,300 sq. m.	8,200 sq. m.	9,920 sq.m.	10,000 sq.m.
Storage:	Fertilizers and raw materials			Products and services of the third party			

### 3. Production

At present, Baconco has a production capacity of 450,000 metric tons of fertilizers per year. Baconco also has the packaging capacity of 550,000 metric tons per year. The total production capacity is restricted by production capacity of its core production process; namely production of granular and compacted fertilizers.



Baconco produces three types of fertilizers, namely, Granulated, Compacted and Bulk Blending. Moreover, it produces enhancing additives known as Urea Super Phosphate (USP) and Bio Stimulant which is used to increase the fertilizer’s efficiency in order to add value to Baconco’s products and to make customer’s money more worthwhile. The fertilizer production process requires both expertise and sophisticated technology where Baconco will produce at least 50,000 metric tons of fertilizer for each production line.



#### 4. Environmental Impact

Baconco is mandated by law to treat its wastewater before releasing it to public waterways. Baconco has one wastewater treatment plant that purify wastewater at a rate of 450 cubic meters a day which is higher than legal requirements. Treated water is then released back into public waterways where sludge extracted during the treatment process is recycled back into the production process for its residual chemical contents, most of which is nitrogen. The plant's ability to treat nitrogen, phosphate and other organic compounds is well above Phu My Industrial Estate's and Vietnam's legal standards.

The following table sets forth Baconco's waste water treatment efficiency and Phu My I Industrial Park's requirements.

Contaminants	Outflow Content (ppm)		
	Maximum contaminants	Qualified level for the Lowest Fee	Baconco's contaminants <sup>/1</sup>
Nitrogen	110	40	26
Phosphorus	28	6	0.95
Chemical Oxygen Demand (proxy in measuring organic compounds)	1,200	150	75

Note: <sup>/1</sup> An average release as of December 2018.

Besides the waste water treatment, Baconco has also complied with the Vietnamese authority's regulations on the air pollution and noise.

The following table sets forth Baconco's outflow of the dust and gas

Contaminants	Outflow Content (milligram per square meter)	
	Maximum contaminants	Baconco's contaminants <sup>/1</sup>
Dust	6	0.25
Sulfur Dioxide (SO <sub>2</sub> )	5	0.06
Nitrogen Dioxide (NO <sub>2</sub> )	5	0.04
Carbon Monoxide (CO)	20	5.23

Note: <sup>/1</sup> An average release as of December 2018.

Besides, since the year 2018 all the emissions are monitored 24 hours by automated and certified probing system.

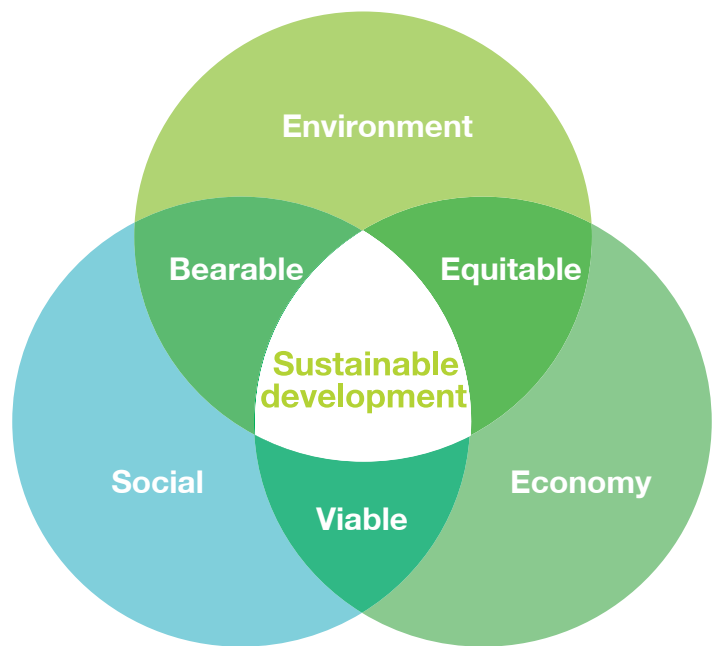
The following table sets forth Baconco's noise level

Production	Noise level (Decibel)	
	Maximum level	Baconco's level <sup>/1</sup>
Steam Granulation	85	78.2
Compaction	85	80.6
Bulk Blending	85	75.5
USP production	85	70.4

Note: <sup>/1</sup> An average release as of December 2018.

# Corporate Social Responsibility

PMTA and its subsidiaries are determined to uphold their status as corporate citizens in all aspects of their activities. We operate our business ethically and with good corporate governance for the optimal benefits of a society and an environment for sustainable development. We have defined standards for transparency and set up procedures for tracking, evaluating and improving our operations. We believe that Corporate Social Responsibility (CSR) cannot be defined simply as the act of organizing activities to benefit society, but we also see CSR as a vital part of our corporate culture. Our goal is to integrate the concept of social responsibility into every aspect of our operations, covering all internal and external activities.



**" Our goal is to integrate the concept of social responsibility into every aspect of our operations, covering all internal and external activities."**

We seek to achieve our corporate and social responsibility objectives by focusing on four strategic areas as follows:

- **Corporate Governance :**

We are committed to comply with the corporate governance policy and codes of business conduct approved by the Board of Directors and adhere to transparency and accountability practices through right and equitable treatment of shareholders, right of stakeholders, information disclosure and transparency, responsibilities of the Board of Directors and business ethics and code of conduct.

- **Human rights and employee well-being :**

We always address the needs and aspirations of staffs through equal opportunity and access, employee diversity, work-life balance, work safety and, labour standards.



● **Social Contributions :**

We encourage and support our staffs to involve themselves in team and individual activities that contribute to society focusing especially on donations, volunteering and education. In 2018, Baconco; our core subsidiary, funded the Football for All in Vietnam Foundation in order to arrange the football activities for the children which Baconco has been being sponsored for many years. Also, Baconco was together with the Vietnamese local official, sponsored the poor families in Tra Vinh province to fixing their houses. We believe this is not only the opportunity for us to give back to the society by giving the opportunity for the disadvantaged but it also boosts morale of the employees and implant a sense of sharing within the employees which is the key to human resource development.

● **Environment :**

We had developed the environmental protection and management practices with the aim to minimise waste and maximise efficiencies which Baconco is able to maintain its high operation efficiency in environmental protection management to meet and exceed the Phu My I Industrial Park's requirements.

**"Baconco is able to maintain its high operation efficiency in environmental protection management to meet and exceed the Phu My I Industrial Park's requirements!"**



# Corporate Governance Report

PM Thoresen Asia Holdings Public Company Limited (“PMTA” or the Company) highlighted the importance of good corporate governance as it helps boost the efficiency of the Company’s operation and promote the sustainable growth, leading to the maximum benefits of all concerned parties, including employees, investors, shareholders, and other stakeholders. Thus, the Board of Directors agrees to stipulate the Corporate Governance Policy, to cover core contents ranging from the structure, duties and responsibilities of the Board to the principles of the executives’ management with transparency, clarity, and traceability. The Corporate Governance Policy serves as the direction of the organizational management and establishes confidence towards the Company’s operation, ensuring the implementation with ethics and for the maximum interests of shareholders and all stakeholders.

The Company’s Board of Directors and executives shall adhere to the principles of the business operation with determination and honesty. To consistently embed the good governance culture and to establish a firm foundation for sustainable growth, to add values among all stakeholders so that the Board could achieve its objective, the Company has set the organization structure to be transparent and clearly traceable in accordance with the Corporate Governance Policy under the regulations of the Stock Exchange of Thailand.

## Corporate Governance Policy and Principles

The Board of Directors emphasizes on the compliance with the Corporate Governance Principles. The Board believes that good corporate governance serve as a key mechanism that drives the efficiency, transparency and traceability of the operation and management. Operating the business based on the Corporate Governance Principles will increase the competitiveness and establish trust among all stakeholders, not merely shareholders or investors.

The Board of Directors at the Meeting No.6/2018 held on 12 December 2018, has considered adopting the guideline of the 2017 Corporate Governance Code (CG Code) for listed companies that was developed by the Securities and Exchange Commission to suite with our business context. As the governing Board of the Company, the Directors understood the importance of adopting the CG Code for the Company’s sustainable value creation.

The Board of Directors defines the policy to support the compliance with the Corporate Governance Principles in five (5) modes as follows:

## I. Rights of Shareholders

The Company recognizes the importance of and do not conduct any actions that might violate or undermine basic rights of shareholders, such as rights to purchase, sell, or transfer shares they are holding, rights to receive dividend from the Company’s profit, rights to receive sufficient news or information from the Company, and rights to attend the shareholders’ meetings, as the Company realizes that the shareholders’ meetings are a key channel in which the Company’s shareholders can exercise their rights as shareholders. The Company, thus, has stipulated best practices in arranging the shareholders’ meetings to facilitate the use of shareholder rights as follow:

### **Shareholders meeting**

The Company schedules an Annual General Meeting of Shareholders (“AGM”) within four (4) months after PMTA’s financial year-end. The Company shall call for other special shareholders’ meetings, called an Extraordinary General Meeting of Shareholders (“EGM”), on a case by case basis.

In addition, the Company advertises the notice of each meeting in at least one Thai language and one English language in a daily newspaper for three consecutive days no later than three days prior to each AGM. The Company also publishes the meeting notice on our website at <http://www.pnthoresenasia.com>.



In FY 2018, PMTA held the Annual General Meeting of the Shareholders (the “2018 AGM”) on 23 April 2018 at 1:30 P.M., at Lotus room, Queen Sirikit National Convention Center, No. 60 New Ratchadaphisek Road, Klongtoey District, Bangkok 10110, Thailand.

Procedures for the shareholders’ meeting were as follows:

#### **(i) Procedures prior to the meeting**

In FY 2018, at the Company’s Board of Directors meeting held on 27 February 2018 resolved to call the 2018 AGM on 23 April 2018 at 1:30 P.M., at Lotus room, Queen Sirikit National Convention Center, No. 60 New Ratchadaphisek Road, Klongtoey District, Bangkok 10110, Thailand.

The meeting venue was easily accessible through public transportation systems and convenient for shareholders to travel to the place of the meeting. The Company informed the shareholders of the date, time, place, and meeting agendas together with the rationales and opinion of the Board on each agenda via SET portal on the same day on which the Board resolved to call the shareholders’ meeting on 27 February 2018.

The Company provided opportunity to shareholders to ensure sufficient time to scrutinize meeting notice or request additional information ahead of the meetings. The notice and relevant documents to the 2018 AGM were sent to shareholders and the SET on 5 April 2018, which was at least fourteen days prior to the meeting. Going forward, the Company made best efforts to send all meeting notices to shareholders more than fourteen days prior to the meeting as per the SET’s best practices. The notice was also made available on PMTA’s website in advance so that shareholders had sufficient time to study the information to make their decisions. Each agenda included the opinion of the Board.

The Company encourages all shareholders including institutional investors to attend the Company’s shareholders’ meetings. Apart from direct mailings, the Company notified its shareholders via SET portal that the notice of 2018 AGM and relevant documents were available to download on the Company’s website at <http://www.pmtthoresenasia.com> from 22 March 2018.

The Company also advertises the shareholders’ meeting notice in at least one Thai language and one English language in a daily newspaper for three consecutive days no later than three days prior to the shareholders’ meeting date. The notice of the 2018 AGM was advertised on 10-12 April 2018.

Details such as date, time and place of the meeting, the meeting agendas with rationale and opinion of the Board on each agenda item in the notice of the annual general meeting, proxy forms, and a list of documents required for attending the meeting were distributed to shareholders in advance of meeting to assist them in exercising their rights and casting their votes on each agenda item.

#### **(ii) Date of shareholders’ meeting**

At the date of shareholders’ meeting, the Company facilitated registration by separating lines between shareholders and proxy holders. The Company used a bar code system to register meeting attendees and to count votes. Envelopes were made readily available for shareholders to mail their proxy forms. The e-voting programme was also used in the registration and vote count, increasing efficiency and transparency.

#### **(iii) During the meeting**

The Chairman of the Board of Directors (“Chairman”) presides over the shareholders’ meeting. For shareholders’ convenience and clarification, multimedia presentations are shown during all meetings. PMTA conducts the meeting in accordance with the agenda and offers an equal opportunity for each shareholder to cast their vote.

In the 2018 AGM which held on 23 April 2018, the Chairman asked for two shareholders to bear witness to the vote counting, to ensure the meeting was transparent and complied with applicable laws.

The Company has been rated “Good” from the Corporate Governance Report of Thai Listed Companies. Also, the Company was rated Excellent for the quality of the arrangement of 2018 AGM that was held on 23 April 2018.

#### **(iv) Procedures following the meeting**

The Company submitted to the SET the resolutions of the shareholders’ meeting with details of voting results of each agenda through the SET portal and also posted the resolutions immediately on PMTA’s website at <http://www.pmtthoresenasia.com>.

The Company prepared and submitted the minutes of 2018 AGM to the SET and the Department of Business Development, Ministry of Commerce within the required timeframe. The minutes were also posted on PMTA’s website.

## **II. Equitable Treatment of Shareholders**

The Company upholds the policy of equitable treatment of shareholders, regardless of being executive or non-executive shareholders, Thai or foreigners, and major or minor shareholders. The procedures undertaken are as follow:

1. The Company delivers the meeting notice together with other materials and information to shareholders in advance within the timeframe required by laws, notifications or related regulations, to allow shareholders adequate time to review the matters with completion before the meeting.

2. In order to reserve the rights and facilitate shareholders who cannot be present at the meeting, the Company delivers the proxy form, enclosed with the meeting notice, clearly detailing all documents and evidence needed for proxy. This allows shareholders to grant proxy to other person or an independent director of the Company as a proxy who can attend the meeting and cast vote on their behalf. The Company will have at least one (1) independent director as a proxy for attending the meeting and casting vote. In this regard, the Company will inform the name list of such independent directors in the meeting notice.
3. To enable all shareholders to gain equal access to the Company's information, the Company provides additional channels of notifying news for shareholders through the Company's website, in addition to notification via the SET's ELCID. For the meeting notice, it is notified before the meeting.
4. The Company prepares all information in Thai language and English language so that both Thai and foreign shareholders can access all information equitably.
5. At the shareholders' meetings, the Company provides opportunity for all shareholders to fully ask questions, express their views and make suggestions upon suitability.
6. The Company stipulates the protective measures concerning the Insider Trading Policy for directors, executives, employees and contractors. These measures also apply to the spouse and children under legal age of the above parties as related to the information. In addition, penalty measures for violation of information of disclosure of the Company and a subsidiary and for information exploitation for personal advantage are also defined.
7. The Company prohibits all directors and senior executives from trading the Company's shares and securities during the period of three (3) weeks before the release of the Company's quarterly and annual financial results (the "Blackout Period"). The prohibition applies to entities in which the Company's directors have a beneficial interest, by which the directors are employed, or on behalf of which the directors act as a representative thereof. The Company Secretary will remind directors and executives about this restriction at least seven (7) days in advance of the Blackout Period.
8. The Company requires directors and executives to submit a report of securities ownership and an update on securities ownership under their possession as well as the possession of their spouse and children under legal age to the SEC and SET according to the Section 59, the Securities and Exchange Act B.E. 2535 (including amendments).
9. The Company stipulates that directors and executives shall submit a revised report every time in case there are changes. The Company Secretary will file and submit a copy to Chairman of the Board and Chairman of the Audit Committee.
10. The Company regulates the transaction policy for any transactions made with major shareholders, directors, executives or related parties of the aforementioned persons, to set guidelines for the implementation of related party transactions and connected transactions.  
The Company shall enforce the directors and executives who undertake any conducts which have interests in the Company's business operation, directly or indirectly, to report on such conflict of interest to the Company Secretary, to further report to the Audit Committee and/or the Board of Directors.

### III. Role of Stakeholders

The Company gives priority to the rights of all stakeholder groups, regardless of being internal stakeholders such as shareholders and employees, or external stakeholders such as clients, partners, competitors, the society and surrounded community. The Company stipulates compliance based on ethics and code of business conduct, which set guidelines for Best Practices of the Company's Business Operation, Best Practices for Directors, Best Practices for Executives and Best Practices for Employees to encourage all directors, executives and employees in the Company perform their duties with full responsibilities, prudence and honesty, and to avoid any conducts that might fall under conflict of interest.

#### 3.1 Stakeholder Rights

##### (A) Shareholder

The Company is committed to undertake any actions for the maximum interests of shareholders in the long run, by carefully considering risks from operating the business. The Company discloses all information with fairness and transparency within a suitable period of time. The Company also attempts at its best to protect its properties and reputation. In addition to basic rights and rights as specified by laws and the Articles of Association such as rights for appealing to review share amounts, rights to receive share certificate, rights to attend the shareholders' meetings and to cast vote, rights to express their views freely in the shareholders' meetings and rights to fairly receive dividend, the Company also grants shareholders the rights to suggest their opinion on matters regarding the Company's business operation as the Company's owners through independent directors. Every opinion will be gathered and presented to the Board for consideration.

## **(B) Employees**

The Company regards employees as the Company's one of the most valuable resources. The Company, thus, employs skillful and experienced employees in accordance to the Company's strategic plan and operation plan. It aims to retain employees in the long run. It promotes the work-life balance among employees. The Company provides employees with suitable compensation and in line with that of the same industry. The Company has the employee compensation policy which in line with the operation of the Company in short term and long term. The short-term policy includes salary and annual reward, determined by results of the employee performance and the Company's financial performance. The long-term policy includes provident fund for employees to establish the stability for living and to serve as an assurance to secure employees' life after the termination of employment or after their retirement. Besides, the Company also provides employees with benefits in other forms, including life insurance, personal medical insurance, maternity leave and annual holiday.

## **(C) Competitors**

The Company treats competitors fairly, by operating its business with integrity and professionalism. The Company will not undertake any conducts that are wrongful against laws in relations to business competition.

## **(D) Creditors**

The Company is always committed to maintaining sustainable relationships with its creditors with fair and equitable policy, by providing accurate, transparent, and traceable information for the creditors, and strictly adhering to the terms and conditions made with creditors, in terms of payment of the principal, interest, and fees, maintenance of the financial ratio, and other conditions. If The Company fails to comply with any such condition, the Company will promptly notify the creditor, in order to mutually agree on a solution.

## **(E) Business Partners**

The Company sets criteria for choosing a business partner or a service provider, by considering partners' business strategy that are consistent with that of the Company, in terms of competitiveness, business continuity, protection and treatment of clients, and risk management approaches.

## **(F) Clients**

The Company recognizes that clients are crucial to the success of its operations. Accordingly, the Company aims at building clients' satisfaction, by providing with high-quality services through consistent and regular improvement of the quality of products and services, to meet their needs and expectations in a fair and professional manner.

## **(G) Responsibility to the Community, Society and Environment**

The Company emphasizes on the most effective use of natural resources with the least environmental impact. The Company employs technology and develops work process that are environmentally-friendly, while raising awareness of effects of employee's performance towards the environment among employees.

### **3.2 Anti-Corruption Efforts**

The Company conducts business with strong ethics and responsibility for all concerned parties as a guideline for anti-corruption practices.

### **3.3 Anti-Corruption and Anti-Bribery**

The Company encourages all employees to conform to the laws, as a practice set in the Thoresen Group's Code of Business Conduct on receiving gifts and entertainment. No gift, favor, or entertainment should be accepted or given, if it obligates or might be perceived as an attempt to influence fair judgment. No director, manager, employee, and their family members should accept or receive a gift or entertainment if it (i) is not consistent with customary business practices, (ii) is extravagant in value, (iii) can be construed as a kickback, bribe, or payoff in violation of any laws, and (iv) violates any other laws or regulations.

### **3.4 Whistle-Blowing Policy and Whistle-Blower Protective Measures**

The Company had the Whistle Blowing Policy to protect those who submit a report, grievance, or information regarding misconduct, or those who cooperate with the Company in providing information, under which they may choose not to disclose their identity if they deem that such disclosure may threaten safety or cause damage. The Company will keep all relevant information confidential, taking into account the safety of the whistleblowers.

### **3.5 Contact Channels for Stakeholders**

The Company had the channels of reporting directly to the Audit Committee. The grievance will be forwarded to the Audit Committee to report to the Board of Directors in the quarterly meeting. The contact channels for the stakeholders are by email at [pmtawhistleblowing@thoresen.com](mailto:pmtawhistleblowing@thoresen.com) and the mailing address at PM Thoresen Asia Holdings Public Company Limited, P.O. Box 12, SCB Post Office, Lumpinee Sub-district, Pathumwan District, Bangkok 10330.

## **IV. Information Disclosure and Transparency**

The Board of Directors is committed to overseeing the organization's conformity to laws, compliances and regulations related to information disclosure. The Company shall reveal information, both financial and general information, with completion, accuracy and transparency so that all concerned parties can gain access to the information equitably. Such information is disclosed to shareholders and the public via SET portal and the Company's website.

The Board of Directors emphasizes on financial reporting as it represents the Company's true financial status and performance. Financial reporting is based on correct, complete and adequate financial information, according to the generally well-accepted financial standards. The Board of Directors appoints the Audit Committee to review the financial reports to gain accuracy, completion and credibility and to ensure the correct, clear, transparent and timely disclosure according to relevant regulations.

In addition, the Company discloses information on each director, roles and responsibility of the Board and sub-committees, and remuneration of the Board and executives in the Annual Report (Form 56-2) and Information Disclosure Form (Form 56-1).

In the financial year ended 31 December 2018, the Company has disclosed financial and general information related to the Company's business in a timely manner. Such information is disclosed to shareholders, investors, and any related parties via SET portal the Company's website (<http://www.pmthoresenasia.com>), press releases.

#### **V. Responsibilities of the Board**

The Board of Directors is responsible for shareholders in operating the business, governing the Company to achieve the business objective, and setting guidelines to create maximum value to shareholders, taking into account the benefits of all stakeholders.

The Board of Directors shall perform its duties in compliance with laws, objectives, the Articles of Association and shareholders' resolution with integrity and prudence in protecting the benefits of shareholders and all stakeholders as a whole in short and long term. To ensure that the Company's business operation is geared towards creating maximum value to shareholders and stakeholders, the Board will ensure the implementation of vision, mission, goal, policies, direction, plans and annual budget of the Company. The Board will express their views to build the overall understanding of the business before considering. The Board will then monitor all business management to ensure alignment with the goal, adhering to the guidelines of the SET and SEC.

#### **Performance Evaluation of the Board and Sub-Committees**

The Company ensures the evaluation on performance of the Board and sub-committees at least once a year, with an aim to help the Board and sub-committees to review their work and operation guidelines during the past year. Through this means, it increases the efficiency and promotes good understanding for the collaboration among the Board and sub-committees. The assessment is through evaluation for each committee and self-evaluation for each individual. The Company Secretary will then inform the results to the Board of Directors.

#### **Self Assessment of Board members on both as a whole and an individual basis**

In 2018, the Board of Directors evaluated the performance of each sub-committee and self-evaluation of each individual. In relations to this, sub-committee Chairman submitted the committee assessment and self-assessment form to each director. All assessed forms are filed at the Company Secretary in order to evaluate and summarize the scores in accordance with the criteria as follow:

1. Excellent : with score range between 90-100
2. Very Good : with score range between 80-89
3. Good : with score range between 70-79
4. Fair : with score range below 69

The assessment form of each sub-committee is divided into six (6) areas as follow:

1. Structure and Qualifications of the Board
2. Roles and Responsibilities of the Board
3. Board Meetings
4. Board Performance
5. Relationship with Management
6. Personal Development of Directors

The self-assessment form is divided into three (3) areas as follow:

1. Structure and Qualifications of the Board
2. Board Meetings
3. Roles, Duties and Responsibilities of the Board

The Chairman will report the results to the Board of Directors. In 2018, results of the Board performance assessment as a whole gain "Very Good" level and self-assessment gain "Excellent" level.

#### **Self Assessment of Sub-Committee members on an individual basis**

Sub-Committees namely, Audit Committee, Nomination and Risk Management Committee and Remuneration Committee, conducted a formal evaluation of its own performance for the year that ended on 31 December 2018. There were three (3) main areas of evaluation of Self-Assessment of Sub-Committee members on both as a whole and an individual basis as follows:

1. Sub-Committees' structure and qualifications
2. Sub-Committees' meeting
3. Roles, duties and responsibilities of Sub-Committees

In 2018, the assessment results for both as a whole and an individual basis of the Audit Committee were "Excellent", the results of the Nomination and Remuneration Committee were "Excellent" and the Risk Management Committee were "Excellent".

#### **Director and Executive Development**

The Company implements the policy to facilitate the enhancement of knowledge for all directors and executives. Each director and executive must attend the trainings arranged by the Company or other agencies to expand their knowledge and views to consistently keep up with the dynamic environment of the business. Besides, each time when the Company appoints a new director, the Company will provide them with the orientation to introduce the business nature and operation guidelines.

Details of attendance in key training sessions and seminars concerning the enhancement in performing duties as directors in listed companies are as follow:

No.	Name	Course
1.	Mr. Chalermchai Mahagitsiri	<ul style="list-style-type: none"> <li>- Directors Certification Program (DCP), class 53/2005, Thai Institute of Directors Association</li> <li>- Directors Accreditation Program (DAP), class 30/2004, Thai Institute of Directors Association</li> <li>- Capital Market Academy Leadership Program, class 17/2013, Capital Market Academy</li> </ul>
2.	Mrs. Suvimol Mahagitsiri	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP), class 26/2004, Thai Institution of Directors Association</li> <li>- Role of the Chairman Program (RCP), class 16/2007, Thai Institution of Directors Association</li> </ul>
3.	Pol. Lt. Gen. Prakard Satamarn	<ul style="list-style-type: none"> <li>- Directors Certification Program (DCP), class 45/2005 Thai Institute of Directors Association</li> </ul>
4.	Assoc. Prof. Dr. Sathit Parniangtong	<ul style="list-style-type: none"> <li>- Risk Management Program for Corporate Leaders (RCL) class13/2018, Thai Institute of Directors Association</li> <li>- Director Accreditation Program (DCP), class 128/2010 Thai Institute of Directors Association</li> <li>- Advanced Audit Committee Program (AACP), class 13/2013, Thai Institute of Directors Association</li> </ul>
5.	Mr. Somporn Chitphentom	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP), class 178/2013, Thai Institute of Directors Association</li> </ul>
6.	Mr. Rapee Moungnont	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP), class 80/2006, Thai Institute of Directors</li> </ul>
7.	Mr. Jitender Pal Verma	<ul style="list-style-type: none"> <li>- Diploma Examination, class 49/2016, Thai Institute of Directors Association</li> <li>- The Board's Role in Mergers and Acquisition (M&amp;A), class 1/2011, Thai Institute of Directors Association</li> <li>- Director Certification Program (DCP), class 78/2006, Thai Institute of Directors Association</li> </ul>
8.	Mr. Sigmund Stromme	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP), class 182/2013 Thai Institute of Directors Association</li> </ul>

# Risk Factors

Risk management is a significant process encouraging the Company's business operations to attain our goals, objectives and strategies. Pertinent risk identification and assessment helps to reduce the group's impacts and prevent potential risks. Therefore, the group consistently oversees and manages overall risks in business line which is in accordance with the group's risk management. In addition, both external and internal risks have been considered for determining the risk management policy. Consequently, it is deemed that the group has the effective risk management process that can mitigate business risks to the acceptable level.

## **Risk Management Structure and Responsibilities**

In this regard, the management establishes directions, policies, goals, and strategies for managing risks which have a significant and pervasive impact upon business operations including closely monitor the ensuing situations.

The Board of Directors is responsible for overseeing risks and ensuring that the Company has executed on systematic risk management and internal controls both domestic and overseas areas. The Risk Management Committee, on behalf of the Board of Directors assesses the risk management system to ensure that the Company's control activities have been activated efficiently and effectively to comply with the established guidance.

## **Risk Management Process**

In order to have the efficient risk management and to be timely and suitably response to the business risks, the Board of Directors is responsible for setting risk management structures and strategies, designating risk owners to manage risks, reviewing and also monitoring the results quarterly. The management reports overall enterprise risks and mitigation plans which may affect the Company's goals to the Risk Management Committee and the Board of Directors constantly. The Company has enterprise risk management framework which covered all operations and develops proper internal control systems to strengthen the effectiveness of the internal control and risk management systems aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The risk management process consists of risk identification, risk assessment, risk response/mitigation and risk monitoring as in the following detail:

### **Step 1: Risk Identification**

Risks have been determined from the group's long-term and annual strategy together with consideration in all potential risk factors such as strategic risk, operational risk, financial risk, market risk, compliance risk, and environmental risk and also both in external and internal factors.

### **Step 2: Risk Assessment**

The group evaluates the cause of risks, chance to occur and impact of risk in both monetary and non-monetary form. The management who are risk owners regularly assesses the all risks which effect to the achievement and all the company's objectives and goals. Risk assessment has been compared between the level of risk in the risk analysis and the level of risk appetite. In case that the risk is not in the acceptable level, the group will mitigate that risk immediately. Risk map is brought to assist to analyze and evaluate the importance of risk issues by classifying in the level of high, moderate and low.

### **Step 3: Risk Response/Mitigation**

The group considers and proposes the mitigation plan to the Risk Management Committee and the Board of Directors for consideration and approval. The guideline to manage risk concerned about risk appetite, the incurred cost compared with gained benefit and related laws or regulations. Moreover, the Company determines on how risks should be managed including consider whether to avoid, share, reduce or accept such risk.

### **Step 4: Risk Monitoring**

The group monitors risks to ensure that the risk owner has assessed their situation, analyzed and managed risk continuously and appropriately including the progress of critical risk has been reported to the management in time. Furthermore, internal control system is sufficient and practical to prevent or reduce the potential risks including consistently improve internal control system to be in accordance with changeable risks.

## Key Risks and Mitigation Strategies

The significant risks, which directly related to the Company and are considered that could affect the group's operations, are as following:

### Strategic Risk

Strategic risk may impact the group's strategies and also affect the Company's business model and competitive advantage, as well as uncertainties within countries that the Company has run the businesses. These include competition, markets, changing laws and regulations, changing customer demands and product innovation.

The mitigation plan has to consider key risks pertain to political and regulatory developments in the export network. Impact assessment is executed to closely monitor the exposure to changing market situations, economic, political, regulatory and competitive as well as to enable informed decision-making and prompt mitigating actions.

### Operational Risk

Raw material price is a major factor of fertilizer's cost. The change of raw material price could bring significant impact to fertilizer price setting and the Company's profitability. Global and domestic fertilizer's raw material prices can be volatile according to international market as it is commodity goods whose price is determined by uncontrollable factors such as climate, crop prices, economic conditions, fuel price including speculation on price changing in the significant futures market. Although fertilizer selling prices in Vietnam are benchmarked by demands and supplies in domestic and the global market, cost of raw materials for the whole industry and agribusiness sector is determined by uncontrollable factors.

Increment of raw material price without adjustment of selling price could make the Company can only sell fertilizer at the lower profit margins. While this risk cannot be completely eliminated, it is mitigated and minimized by controlling with these approaches:

- a) Maintain low inventories, therefore limiting exposure in a market downturn situation and
- b) Firm pricing and discount policies together with customer management based on superior quality, therefore, enabling Baconco to retain margins when raw material prices increase and
- c) Baconco quotes its selling price using the cost plus margin approach. For each product item, the selling price will be set in line with expected profit rates which however will be subject to market conditions and competitions at that moment. The management adjusts selling prices on a weekly basis to reflect the dynamics of the fertilizer market. However, the result of selling price adjustment on the revenue and profit could not be arise promptly since the Company could have outstanding orders from customers that would require a period of time for adjustment.

Baconco purchases raw materials from both domestic and overseas which almost 72 percent imported from foreign sources. With Baconco strategic policies of low inventory and just-in-time purchase of raw materials, it may be exposed to a higher probability of raw material shortage when global supply is tight. This could also lead to a probability of delivery delays to customers.

To mitigate such risk, Baconco has established long term relationship with the overseas large and medium sized suppliers. Not only planning the necessity of raw materials usage in advance and entered into raw material purchase agreements in both short term and long term with suppliers but also searching and contacting other suppliers to share raw material procurement. In addition, Baconco manages a good supply chain approach-through consistent and efficient communications between sales operations and the production facility which knows several weeks in advance of the incoming orders. Therefore, the lowest level of inventories for one week production can be reserved. A preventive maintenance program for machineries and equipment is implemented to maintain the production capacities. Finally, through automated bagging lines and loading processes, products are delivered to customers without delays.

Increasing in counterfeit goods becomes a threat to the fertilizer market, which may lead to revenue loss as well as discredit to Baconco. Although the counterfeit goods can only be found in small suppliers but it could be increased and created significant impact in the future.

However, Baconco managed this risk by using special yellow color called "DAP yellow" to differentiate its products and registering "Conco" trademark/logo. In addition, Baconco also gains the cooperation from its business networks e.g. wholesalers, dealers and suppliers for notification in case counterfeit goods was found, therefore Baconco can further take actions to prevent this risk.

### External Environment Risk

Drought, earthquake, floods, storms or weather changes are the natural disasters crisis that could result in commercial loss or interruption to operations. As a result, the irrigation system effects directly to agriculture sector's growth, while the natural disaster especially drought have an inevitably effect on market demand. The unexpected natural disaster may possibly make Baconco encountering loss of assets and its performance could not meet expectation.

Baconco has prepared crisis management plan and business continuity plan including communicating to management and staff so they can follow the plan when facing the crisis. The plan has been reviewed and tested regularly to ensure the Company has the effective crisis plan, which reduces the likelihood of interruption of operations. In addition, the Company has insurance to cover the possible natural disaster risk which can help to reduce the impact and mitigate any damage that may occur, including loss of income.

Furthermore, Baconco manage inventory at the optimum level according to market demand from time to time to prevent overstock keep during drought or shortage of fertilizer when drought has been released.

### Financial Risk

Vietnamese Dong has more fluctuation compared with other currencies especially US dollar. Baconco purchases raw materials from some international suppliers and receiving payments for exported products of which most of the payment will be made in US dollar. The US dollar income from export and cost of buying raw materials are close to balanced. In addition, Baconco pays dividend to the Company from its operation in Vietnam denominated mainly in Vietnamese Dong whereas the Company's operational and financial results are denominated in Thai Baht, fluctuation of the Vietnamese Dong compared with the Thai Baht and US dollar could materially affect the Company's revenues and cash flow.

Therefore, Baconco has adjusted strategy to be appropriate to manage risk from exchange rate and the impact on the business. At the present, Baconco opts instead to pursue the natural hedging strategy by modifying the structure of its revenues and raw material costs. The group has closely monitored exchange rate movements as well as other factors that can impact the rates. In addition, The Company is considering entering into forward contract with financial institutions to manage the exchange risk.





### Market Risk

Vietnam is a highly competitive market for fertilizers and agrochemicals. There is currently an imbalance between production capacity of NPK (Nitrogen, Phosphorus and Potassium) in Vietnam with some additional capacity for export (bulk blending and granulation/compaction) and demand for domestic market. In the next several years, more projects are being planned, as domestic demand is growing.

Baconco has chosen a strategy of differentiation and concentrates on specialized products to limit exposure to competition. Overall, Baconco engages in over 95 different fertilizer formulas from generic market blends to highly specialized types. This is to ensure that Baconco stays ahead of the competition, which in general produces only 10-15 product types.

In order to maintain its leading position in Vietnam and to mitigate risk, Baconco also engages in multiple production processes, as well as value adding its products with some unique processes such as compaction, USP, and bio coating of fertilizers. Through this approach, Baconco is able to maintain the reputation of the brand and the image in the market as the high quality, high service provider with consistent innovation and is able to maintain its market share and margins.

### Compliance Risk

The Vietnamese government establishes specific standards for fertilizer formulas in order to protect consumers and penalties are enforced if products are not manufactured based on tested specifications. Baconco imports raw materials from reliable foreign and domestic suppliers and already has the reputation as a high quality producer of fertilizer. Non-compliance or partial compliance could negatively affect the reputation of the group and result in significant penalties and fines or loss of business opportunities. With the direction calls for innovation of production formulas, Baconco's products are always in compliance or above stated government standards.

In order to minimize the risk, the group has implemented and reviewed quarterly compliance checklists to monitor that the Company's operation processes comply with all related laws and regulations both in Vietnam and Thailand.

### Continuous Improvement

Risk management has been continuously assessed and business risk factors have been monitored regularly. The Company can confirm that we have sufficient mitigation to encounter inherent risks and threats.



# Audit Committee Report

## To the Shareholders

The Audit Committee consists of three independent directors and non-executive directors. Pol. Lt. Gen. Prakard Satamarn presides over the committee of chairman. The other two directors are Assoc. Prof. Sathit Parniangtong, Ph.D., and Mr. Rapee Moungnont. The Audit Committee has adequate qualifications and discharges the duties as set forth as specified by the Audit Committee Charter and in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand regulations.

The Audit Committee performs its duties as laid out by the Board of Director. The Committee's duties included reviewing the financial statements and corporate governance practices, assessing risk management, reviewing compliance to law and regulations, reviewing internal controls, internal audit practices and fraud investigations, as well as proposing the appointment of external auditors.

In 2018, the Audit Committee held a total of six meetings. The following is a summary of opinions and key activities undertaken by the Audit Committee:

## 1. Review of Financial Statements

The Audit Committee reviewed and discussed with the external auditor and management responsible for preparing the financial reports in relation with significant information for the Company's and consolidated financial statements, including change in significant accounting policy, significant related party transaction, significant acquisition and disposal of the Company's assets, accuracy and adequacy of information disclosure, significant unusual, estimated transaction, if any, before submitted to the Board of Directors for approval. In carrying out the review, the Audit Committee reviewed independent papers from both the management and the external auditor, highlighting any significant areas of risk or judgment that have arisen in the period.

In addition, the meeting between the Audit Committee and auditors without the presence of management was held to make independent discussion on important issues which may arise including the problems or difficulties in performing their duties as well as to hear whether there was any suspicious information. In 2018, the external auditors did not discover any material misstatements or indications of suspicious incidents. The Audit Committee realized that the Company has a proper financial reporting process to disclose its financial information, in which the financial statements were free from material misstatement and prepared in accordance with Thai Financial Reporting Standards.

## 2. Internal Control

The Audit Committee approved the audit plan for 2018 and reviewed the Internal Audit Department's independence, resource sufficiency and also evaluated the performance of Internal Auditor. The Audit Committee evaluated management control systems, financial control systems and compliance control systems, based on guidelines from the office of the Securities and Exchange Commission. Internal auditors have also followed up on the results of the aforesaid review and audit which the results of the audit and the recommendations were discussed with the related staff and management prior to report to the Audit Committee in every quarter.

In addition, the external auditor has also reported that was no significant deficiency impacting to the Company's financial statements identified. The Committee, therefore, is of the opinion that the Company has proper and adequate internal control systems including organizational control and environment measure, risk management measure, management control activities, information and communication measure, and monitoring systems, as management determines is necessary and there are no significant deficiencies identified.

### 3. Regulatory Compliance

The Audit Committee held meeting with the Compliance Department and relevance departments to review the Company's compliance with the laws and regulations. The Compliance Department have also reviewed the connected transactions or transactions that may lead to conflicts of interests ensuring that the transactions occurred have complied with the Securities and Exchange Commission and the Stock Exchange of Thailand regulations requirements, other regulatory bodies and are reasonable and for the highest benefit of the Company. The result of the review has been reported to the Audit Committee and subsequently the Board of Directors in order to ensure that transactions are transparency, reasonable, without conflict of interest, and for the highest benefit of the Company. The Audit Committee is of the opinion that the Company has been in compliance with significant laws and regulations to which the operations of the Company are subjected.

### 4. Whistle blowing

The Audit Committee acknowledges any concern of misconduct or fraud and reviews the final investigation reported by Internal Auditors according to Whistleblower Policy. No concern on misconduct or fraud was reported during this year.

### 5. Appointment of the External Auditors

The Audit Committee assessed the scope, objectivity and effectiveness of the audit process and also the appropriateness of the fees which included considering a number of areas such as the overall quality of services, timeliness of the resolution of issues, the quality of the audit resource including knowledge and experience in core businesses and whether the audit plan was followed.


After careful consideration, the Audit Committee has recommended to re-appoint KPMG Phoomchai Audit Ltd. as external auditors to the Board of Directors before seeking approval at the Shareholders' Meeting for the appointment of Mr. Veerachai Ratanajratkul, Certified Public Accountant Registration No. 4323 and/or; Mr. Sakda Kaothanthong (CPA No. 4628) and/or; Mr. Watchara Pattarapitak, Certified Public Accountant Registration No. 6669 and/or; Mr. Bunthit Tangpakorn, Certified Public Accountant Registration No. 8509 all of KPMG Phoomchai Audit Ltd., as the external auditors of the Company for the year ended 31 December 2019 with the audit fees for PMTA and the Group companies amounting to Baht 1.88 million and Baht 2.66 million, respectively.

### 6. The Audit Committee Self-Assessments

The Audit Committee carried out its own performance assessment for the Group Committee and individual, against the Audit Committee Charter approved by the Board of Directors, relevant laws and regulations and assignment from the Board of Directors. The self-assessment was due to be benchmarked against guidelines from the Securities and Exchange Commission and concluded that it was excellent and effective.

In summary, the Audit Committee has continuously performed its duties and responsibilities with knowledge, ability, carefulness and sufficient independence, provided comments and recommendations which were beneficial to all of the Company's stakeholders. The Committee values internal control and continuous risk management so that the Company may command good corporate governance as well as management excellence, adequate internal control compatible with its business, effective risk management, together with accurate and reliable accounting practices and financial statements, and compliance with relevant laws and regulations.

For and on behalf of the Audit Committee of PM Thoresen Asia Holdings Public Company Limited

Pol. Lt. Gen.   
(Prakard Satamam)  
Chairman of Audit Committee

# Internal Control and Risk Management

**“PMTA consistently recognizes the importance of internal control. The Management appoints the Internal Audit Department to assess the adequacy and effectiveness of internal control, whereas the Board of Directors appoints the Audit Committee to provide oversight to ensure that the internal control supports the achievement of business operations, accurate and reliable reporting, and compliance according to laws and regulations”**

## **The Board of Directors**

(“the Board”) evaluated PMTA’s Internal Control System based on internal control assessment report prepared by the Management which follows the guidelines of the Securities and Exchange Commission (SEC), together with the result of the Audit Committee’s internal control review. The Board viewed that PMTA’s Internal Control System has been functioning properly in an adequate and effective manner. The operation has been efficiently managed with sufficient number of qualified and competent personnel. In addition, PMTA has implemented monitoring system to ensure safeguarding of PMTA assets against misuse or unauthorized use by the Board or the management.

## **The Audit Committee**

(“the AC”) has been delegated the responsibility for reviewing the effectiveness of the PMTA’s internal controls. The AC uses information drawn from a number of different sources to carry out this responsibility including:

- Objective assurance provided by Internal Audit through its annual work plan, which is approved by the AC and focuses on the principal risks identified in the risk assessment and key internal controls;
- Regular reported on the internal audit and internal control results, compliance approaches and highlighting any significant issues;
- Further objective assurance is provided by external auditors.

## **The Internal Audit Department**

is an independent department that functional reports directly to the AC and administratively reports to Managing Director. Internal Audit assists the AC and the Board by performing regular assessments and evaluations on PMTA’s key internal controls system.

Internal Audit has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might have an impact on business goals and the accuracy of financial reports. This plan is reviewed and approved by the AC on the Annual basis. The AC also reviews the audit results and progress reports on a quarterly basis.

Issues arising are considered to identify pervasive themes. Significant issues are reported to AC and the Board. The AC monitors resolution of any identified control issues through to a satisfactory conclusion and reduction risk level to be acceptant level. In addition, regular reports are made to the AC and the Board by management, internal audit and compliance functions covering in particular business, financial, operational controls and compliance.



PMTA's internal control procedure is based on the regulations of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The key control systems implemented by the Company are summarized below.

### 1. Control Environment

The control environment is the foundation of an effective internal control system, and provides discipline and structure for all the other components. The main elements of the Company's control environment are as follows:

PMTA clearly defines, encourages and promotes a good working environment by setting policy and planning, executing, controlling and monitoring all business activities. PMTA adheres to its business philosophies and ethics through the actions and behavior to support the functioning of the internal control system. The Codes of Conduct have also been developed as guidelines for directors, management and employees.

The Board and management at all levels demonstrate through their directives, actions, and behavior the important of integrity and ethical values. All stakeholders are treated with fairness and respect and in such a way that adheres to good corporate governance principles.

There is an organizational chart that clearly defines the lines of management authority and responsibility according to a suitable organizational structure, business size and operations.

### 2. Risk Assessment and Management

Risk management policy, standard and guideline are put in place, emphasizing that risk management is the responsibility of the directors, management and all employees which must follow to achieve the Company's business objectives. In addition, the management and all employees are encouraged to understand and realize the importance of risk management in order to reduce

or prevent the impact. The Company emphasizes that risk management is responsibility of all employees which also has impact on the Company's strategic objectives.

In addition, the Risk Management Committee is responsible for the review of the risk management policy framework and structure. The Committee also provides the recommendations on risk management that allied with strategic business directions and business plan, while supervising, monitoring and reviewing key outcomes of risk management reporting to ensure their alignment with standards and prevailing circumstances.

### 3. Control Activities

PMTA focuses on efficient control activities and appropriate for the business circumstances and activities of each department. These include the segregation of duties, regulations, policies, working procedures and good practices for conflicts of interest transactions. In addition, business is operated in a transparent, fair and auditable manner. There is a transparent transaction approval process which takes into account the maximum benefit of the organization. The transactions amongst the Company and its related parties have been carefully controlled and conform to the Securities and Exchange Commission and the Stock Exchange of Thailand regulations requirements and other regulatory bodies. PMTA employees are encouraged recognize the important of strictly complying with the control activities as well as related laws and regulations. This is to reduce risks covering various aspects, especially fraud risk and preventing violation of the laws.

### 4. Information and Communication

PMTA recognizes the quality of Information & Communication which largely supports the effectiveness of PMTA's Internal Control System. This process is intended to ensure that important information concerning the business operations is accurate, complete, adequate and timely. It also has an effective information security system. In addition, PMTA also has set up several effective communication channels, including internal and external channels, for example, the organization's intranet, e-mail, new employee receive important information through orientation. The External communication channels to communicate with stakeholders, such as PMTA's website, e-mail and assigned departments which are responsible to disclose important information to all stakeholders regularly. PMTA has appropriately communicated the relevant information to the Board, the management, employees and stakeholders. Crucial information relevant to PMTA's performance will be delivered to the Board prior the meeting in order that they will have sufficient time to study, review and make decisions.

### 5. Monitoring

Since the existing systems provide prompt and reliable information on a regular basis, management and the Board can therefore achieve proper monitoring over relevant financial reports in an effective manner and support the business objectives and goal achievement. At the same time, they can also perform an accurate review and assessment, and suggest improvement over existing business plans, supported by effective internal supervision carried out by the Internal Audit department throughout the period.

During the year 2018, the Company arranged the meeting for Audit Committee and audit attend non-management meeting with the auditor at least once a year following SET's regulations.

The Board formally reviews the effectiveness of the system of internal control at least annually in accordance with the Internal Control Assessments Guidance published by the Securities and Exchange Commission.

At Board of Directors' meeting No. 1/2019, held on 27 February 2019 with the Audit Committee present, the Board assessed the above five components of the Company's internal control systems. The Board concluded that the Company's internal control systems were found to be adequate and effective, with no material deficiency.

KPMG Phoomchai Audit Ltd., the Company's external auditors, who concluded the audit of the financial statements for year ended on 31 December 2018, concluded that there was no material deficiency in the Company's accounting and financial control system.

# Financial Highlights

	For the year ended		
	31 December 2018	31 December 2017	31 December 2016
	(in million Baht)		
<b>Statement of comprehensive income:</b>			
Revenue from Sales	2,715.6	2,818.1	3,177.7
Revenue from rendering of services	63.6	55.0	55.2
Cost of sales	2,374.8	2,293.3	2,567.1
Cost of rendering of services	59.6	48.5	40.6
Selling expenses	194.9	192.1	204.1
Administrative expenses	95.4	102.5	92.3
<b>Net profit</b>	<b>37.7</b>	<b>191.8</b>	<b>277.0</b>
Basic earning per share (in Baht)	0.37	1.89	2.74
<b>Statement of financial position (at end of year):</b>			
Cash and cash equivalents	202.8	307.1	473.5
Inventories	1,039.6	730.2	465.2
Plant and equipment	590.8	629.6	622.0
<b>Total assets</b>	<b>2,121.2</b>	<b>2,006.7</b>	<b>2,012.1</b>
Short-term borrowings from financial institution	366.0	106.1	-
<b>Total liabilities</b>	<b>610.6</b>	<b>440.0</b>	<b>323.5</b>
Issued and paid up share capital	1,012.0	1,012.0	1,012.0
<b>Total equity</b>	<b>1,510.6</b>	<b>1,566.7</b>	<b>1,688.6</b>
<b>Other financial data:</b>			
Net cash generated from (used in) operating activities	(237.1)	(12.2)	435.9
Net cash generated from (used in) investing activities	(28.5)	(151.0)	(53.5)
Net cash generated from (used in) financing activities	154.0	(3.2)	(207.2)
<b>Financial ratios:</b>			
Return on Equity (%)	2%	12%	17%
Return on Total Asset (%)	3%	12%	17%
Net profit margin (%)	1%	7%	9%
Interest Bearing Debt to Equity (Times)	0.2	0.1	-
Net Interest Bearing Debt to Equity (Times)	0.1	(0.1)	(0.3)

# Income Structure

	For the year ended					
	31 December 2018	%	31 December 2017	%	31 December 2016	%
	million Baht					
<b>Group of Business</b>						
Manufacture of fertilizer and crop care products	2,715.6	97.6	2,818.1	98.0	3,177.7	98.1
Factory area management services	63.6	2.3	55.0	1.9	55.2	1.7
Other income	4.2	0.1	3.8	0.1	5.5	0.2
<b>Total</b>	<b>2,783.4</b>	<b>100.0</b>	<b>2,876.9</b>	<b>100.0</b>	<b>3,238.4</b>	<b>100.0</b>



# Management Discussion and Analysis

## FY2018 Highlight

- Our fertilizer volume decreased only 2% YoY. We kept our strong market position although there has been considerable lower demand for NPK in Vietnam this year.
- Pesticide revenue grew 12% YoY from Baht 162.0 million to Baht 181.9 million in FY2018.
- Our factory area for leasing and service continued to be fully utilized with revenue increased 15% YoY.
- Raw material price increased and remained high throughout FY2018 resulting in lower gross margin YoY from 28% to 22%
- PMTA reported EBITDA of Baht 135.0 million and Net profit of Baht 37.7 million in FY2018.

## Overview

During 2018, while our export volume improve 3%, we maintained our domestic market position and volumes although sales in Vietnam in general was affected by sluggish demand for premium NPK products, as many farmers were concerned with their production cost and chose lower quality products or single fertilizer for their plantation. In addition, due to fluctuation in urea price during 4Q/2018, wholesalers have rather lowered their stock and waited for fertilizer price to settle down. Our gross margin (spread margin) in 4Q/2018 improved QoQ from 20% to 23% as we have increased our selling price in this period.

Revenue from sales decreased 4% from Baht 2,818.1 million to Baht 2,715.1 million in FY2018 due mainly to lower portion of NPK fertilizer volumes. The increase in raw material price caused our spread margin to decrease YoY from 28% to 22%. As a result, our EBITDA was Baht 135.0 million decreased 58% YoY. Subsequently, net profit was Baht 37.7 million decreased from Baht 191.8 million in FY2017.

**Table 1: Performance Summary**

in Million Baht	FY17	FY18	% YoY	4Q/17	3Q/18	4Q/18	% YoY	% QoQ
<b>Revenue from Sales</b>	2,818.1	2,715.6	-4%	753.3	693.9	623.8	-17%	-10%
<b>Gross Profit*</b>	789.0	609.9	-23%	218.1	139.8	145.7	-33%	4%
Gross Margin (%)	28%	22%		29%	20%	23%		
<b>EBITDA</b>	318.5	135.0	-58%	94.5	26.8	25.3	-73%	-5%
EBITDA Margin (%)	11%	5%		13%	4%	4%		
<b>Net Profit</b>	191.8	37.7	-80%	58.6	0.5	5.3	-91%	874%
Net Profit Margin (%)	6.8%	1.4%		7.8%	0.1%	0.8%		
<b>*Basic earnings per share (in Baht)</b>	1.89	0.37	-80%	0.58	0.01	0.05	-91%	874%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost



### Fertilizer, Pesticide and Factory Area Management Services

In 4Q/2018, our fertilizer volume decreased 21% YoY from 49,290 tons to 39,045 tons due mainly to less demand in both domestic and export market. Subsequently, our fertilizer sales volume in FY2018 was 183,854 tons decreased 2% YoY from 187,194 tons in FY2017 basically keeping our strong market position. Since farmers' income did not increase and they preferred cheap products in order to reduce their planation

cost, our single fertilizer sales volume increased 62% YoY to 22,357 tons but NPK fertilizer volume was slightly reduced by 7% YoY to 161,497 tons in FY2018. Export volume increase 3% YoY due to increasing export volume to Philippine and Myanmar.

Our pesticide revenue had a good increase of 12% YoY from Baht 162.0 million to Baht 181.9 million in FY2018.

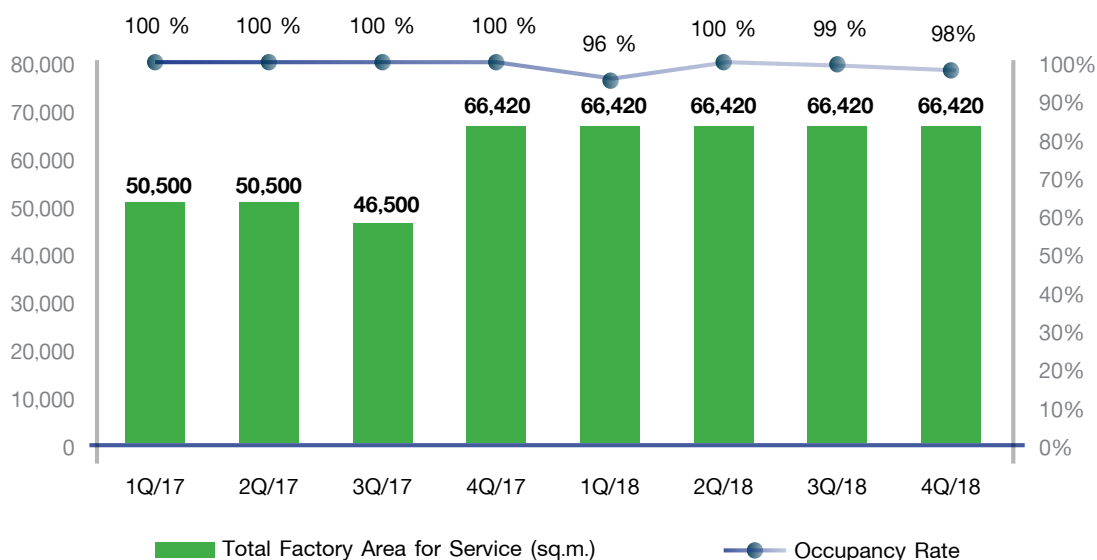
Table 2: Sales Volume

Unit: Tons	FY17	FY18	% YoY	4Q/17	3Q/18	4Q/18	% YoY	% QoQ
Fertilizer NPK	173,429	161,497	-7%	46,176	36,876	34,473	-25%	-7%
Single fertilizer	13,765	22,357	62%	3,114	7,615	4,572	47%	-40%
Total	187,194	183,854	-2%	49,290	44,491	39,045	-21%	-12%

Table 3: Sales Volume Breakdown (exclude Pesticide)

Unit: Tons	FY17	FY18	% YoY	4Q/17	3Q/18	4Q/18	% YoY	% QoQ
Domestic	121,845	116,659	-4%	31,760	30,207	26,635	-16%	-12%
Export	65,349	67,195	3%	17,531	14,284	12,410	-29%	-13%
Total	187,194	183,854	-2%	49,290	44,491	39,045	-21%	-12%

### Factory Area Management Services & Occupancy Rate



Our warehouse continued to be fully utilized with total space of 66,420 sqm. Part of the space has been used for storage of raw materials for fertilizer products. The total income from factory area management service and other income in FY2018 was Baht 67.7 million, which increased 15% YoY.

## Consolidated Performance

**Table 4: Income Statement**

in Million Baht	FY17	FY18	% YoY	4Q/17	3Q/18	4Q/18	% YoY	% QoQ
<b>Revenue from sales</b>	2,818.1	2,715.6	-4%	753.3	693.9	623.8	-17%	-10%
Fertilizer	2,656.1	2,533.7	-5%	702.1	636.8	577.0	-18%	-9%
Pesticide	162.0	181.9	12%	51.2	57.1	46.7	-9%	-18%
<b>Raw Material Costs</b>	(2,029.1)	(2,105.8)	4%	(535.3)	(554.1)	(478.0)	-11%	-14%
<b>Gross Profit*</b>	789.0	609.9	-23%	218.1	139.8	145.7	-33%	4%
Service & Other Income	58.8	67.7	15%	14.9	17.6	15.6	5%	-11%
Operating Cost	(225.0)	(231.5)	3%	(55.6)	(57.9)	(51.9)	-7%	-10%
Cost of providing services	(27.0)	(31.9)	18%	(6.9)	(9.2)	(7.8)	12%	-16%
SG&A	(277.3)	(279.2)	1%	(76.0)	(63.5)	(76.4)	1%	20%
<b>EBITDA</b>	318.5	135.0	-58%	94.5	26.8	25.3	-73%	-5%
Depreciation & Amortization	(63.5)	(67.2)	6%	(16.0)	(16.9)	(16.9)	5%	0%
<b>EBIT</b>	255.1	67.8	-73%	78.5	9.8	8.4	-89%	-14%
Financial Cost	(2.2)	(5.8)	162%	(0.9)	(1.5)	(1.5)	68%	3%
Gain/(Loss) from Foreign Exchange	(14.5)	(9.0)	38%	(2.6)	(6.3)	2.0	176%	132%
Profit before income tax	238.4	52.9	-78%	74.9	2.0	8.9	-88%	343%
Income Tax Expense	(46.6)	(15.2)	-67%	(16.3)	(1.5)	(3.6)	-78%	145%
<b>Net Profit</b>	191.8	37.7	-80%	58.6	0.5	5.3	-91%	874%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost

Our revenue from sales decreased 4% YoY to 2,715.6 million mainly due to the slight decrease in domestic NPK sales volume and increased sales of single fertilizers. The increase in raw material price in FY2018 caused our spread margin of our fertilizer products to decrease from 28% to 22%. Operation cost increased 3% due to the increase in fuel cost and repair and maintenance expenses and SG&A marginally increased by 1%.

Consequently, PMTA reported the consolidated financial statements for FY2018 with net profit of Baht 37.7 million decreasing from Baht 191.8 million in FY2017.

### Financial Position

As of 31 December 2018, a total asset was Baht 2,121.2 million increasing Bath 114.5 million from 31 December 2017. Cash and cash equivalent decreased 34% to Baht 202.8 million, while other current assets increased 24% to Baht 1,321.9 million at the end of 2018 due mainly from higher inventories outstanding of Baht 1,039.6 million. Trade account receivable decreased 18% to Baht 228.2 million at the end of FY2018. Our property, plant and equipment decreased from the same period last year to Baht 590.7 million as of 31 December 2018 due to normal depreciation charge during the period.

Total liabilities as of 31 December 2018 increased Baht 170.6 million to Baht 610.6 million, mainly from the increase in short-term loans from financial institution. As of 31 December 2018, PMTA reported total shareholders' equity of Baht 1,510.6 million or decrease 4% YoY from Baht 1,566.7 million at the end of FY2017, due mainly to the dividend payment in 2018 about Baht 101.2 million.

### Cash Flows

For FY2018, PMTA had net cash out flow from operating activities of Baht 237.1 million due mainly to the increase in inventories of Baht 312.4 million. Net cash used in investing activities was at Baht 28.5 million investment to renew and upgrade equipment for fertilizer production. Moreover, net cash inflow from financing activities was at Baht 154.0 million. Therefore, net decrease in cash and cash equivalents was equal to Baht 111.6 million. Together with cash and cash equivalents as at 1 January 2018 and effect of exchange rate changes on balances held in foreign currencies, PMTA's cash and cash equivalents as of 31 December 2018 was at Baht 202.8 million.

Financial Position	As of 31 Dec 17	As of 31 Dec 18
<b>Asset</b>	<b>2,006.7</b>	<b>2,121.2</b>
Cash and Cash Equivalent	307.1	202.8
Other Current Asset	1,061.9	1,321.9
Property, Plant and Equipment	629.6	590.8
Other non Current Asset	8.1	5.7
<b>Liabilities and Equity</b>	<b>2,006.7</b>	<b>2,121.2</b>
Interest Bearing Debt	106.1	366.0
Other Liability	333.9	244.6
Shareholder's Equity	1,566.7	1,510.6



### Financial Ratios

Key Financial Ratio	2017	2018
Current Ratio	3.2	2.5
EBITDA to Sales Revenue (%)	11%	5%
Net Profit to Sales Revenue (%)	7%	1%
Return on Total Asset (%)	12%	3%
Return on Equity (%)	12%	2%
Interest Bearing Debt to Equity (Times)	0.1	0.2
Net Interest Bearing Debt to Equity (Times)	(0.1)	0.1
Net Interest Bearing Debt to EBITDA (Times)	(0.6)	1.2

**Note:**

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Current ratio	=	Current assets divided by current liabilities
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EBITDA to sales revenue	=	EBITDA divided by sales revenue
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Net profit on sale revenue	=	Net profit divided by sales revenue
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Return on total assets	=	EBIT divided by average total assets
<hr/>		
Return on equity	=	Net profit divided by average total shareholder's equity
<hr/>		
Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt divided by shareholder's equity
<hr/>		
Net Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity
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Net Interest Bearing Debt to EBITDA	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity

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# Statement of the Board of Directors' on the Responsibilities of the Financial Statements

**To: The Shareholders of PM Thoresen Asia Holdings Public Company Limited**

The Board of Directors realizes the significance of its duties and responsibilities in supervising the Company's business to ensure good management with integrity and prudence in accordance with laws, detailed objectives, Articles of Association, and resolutions of the shareholders meetings. The Board of Directors protects the benefits of the Company and its stakeholders by ensuring that the Company's financial report contains accurate and full accounting records that reflect its actual financial status and operational results.

The Board of Directors has established the Audit Committee comprising the fully qualified independent directors to review and ensure accuracy and sufficiency of the financial report, to review the internal control systems. The opinions of the Audit Committee also appeared in the Audit Committee's Report in the annual report.

The consolidated and separate financial statements as at 31 December 2018 have been audited by KPMG Phoomchai Audit Limited, the Company's Auditor which the Board of Directors provided information and documents to enable the Auditor to examine and express his opinion in conformity with generally accepted auditing standards.

The Board of Directors agreed that the overall internal control system of the Company was satisfactory and ensured that the consolidated and the separate financial statements for the year ended 31 December 2018 were prepared in conformity with Thai Financial Reporting Standards and in compliance with law and all relevant regulations.



**Mr. Chalermchai Mahagitsiri**  
Chairman of the Board of Directors



**Mr. Sigmund Stromme**  
Managing Director

# Independent Auditor's Report

## To the Shareholders of PM Thoresen Asia Holdings Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of PM Thoresen Asia Holdings Public Company Limited and its subsidiaries (the "Group") and of PM Thoresen Asia Holdings Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their 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 and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for 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.

Taxation	
Refer to Notes 10 and 20 to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
Since the major operation of the Group is in Vietnam and the Group's income tax provision is subject to tax jurisdiction of Vietnam. As a consequence, the Group's current and deferred tax balances are sensitive to changes in regulations in this jurisdiction and judgments used in recognising assets and liabilities of current and deferred tax. I considered that this is a key area of focus in my audit.	My audit procedures included involving KPMG tax specialist in Vietnam, who has knowledge of the Vietnam taxes and has experience in its application to assist me in evaluating the judgments and methodologies used by the management, in particular those relating to allocation of taxable income to respective promotional privileges and deductibility of certain expenses.  In addition, I also assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

### Other Information

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

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

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

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

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Watchara Pattarapitak)  
Certified Public Accountant  
Registration No. 6669

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2019

# Statement of financial position

PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	5	202,826,243	307,148,466	40,299,611	15,553,993
Trade accounts receivable	4, 6	228,216,081	277,958,696	-	-
Other receivables	4	21,157,168	17,656,784	118,682,738	193,177,061
Short-term loan to subsidiary	4	-	-	116,806,406	117,637,823
Inventories	7	1,039,608,635	730,153,292	-	-
Other current assets		32,869,531	36,078,372	405,947	1,369,937
<b>Total current assets</b>		<b>1,524,677,658</b>	<b>1,368,995,610</b>	<b>276,194,702</b>	<b>327,738,814</b>
<b>Non-current assets</b>					
Investments in subsidiaries	8	-	-	905,064,206	905,064,206
Plant and equipment	9	590,797,797	629,575,213	308,746	295,064
Intangible assets		12,922	38,085	-	-
Deferred tax assets	10	5,736,502	8,099,863	-	-
<b>Total non-current assets</b>		<b>596,547,221</b>	<b>637,713,161</b>	<b>905,372,952</b>	<b>905,359,270</b>
<b>Total assets</b>		<b>2,121,224,879</b>	<b>2,006,708,771</b>	<b>1,181,567,654</b>	<b>1,233,098,084</b>

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

# Statement of financial position

PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term borrowings from					
financial institution	11	366,001,209	106,127,694	-	-
Trade accounts payable	4, 12	157,654,522	218,354,609	11,790,229	12,268,702
Other payables	4, 13	57,598,157	85,717,120	1,640,424	1,874,238
Advances from customers		18,277,836	6,295,414	-	-
Current tax payable		1,461,812	14,065,486	-	-
<b>Total current liabilities</b>		<b>600,993,536</b>	<b>430,560,323</b>	<b>13,430,653</b>	<b>14,142,940</b>
<b>Non-current liability</b>					
Non-current provision for					
employee benefit	14	9,600,790	9,415,092	1,731,926	1,638,687
<b>Total non-current liability</b>		<b>9,600,790</b>	<b>9,415,092</b>	<b>1,731,926</b>	<b>1,638,687</b>
<b>Total liabilities</b>		<b>610,594,326</b>	<b>439,975,415</b>	<b>15,162,579</b>	<b>15,781,627</b>
<b>Equity</b>					
Share capital					
Authorised share capital	15	1,012,000,000	1,012,000,000	1,012,000,000	1,012,000,000
Issued and paid-up share capital		1,012,000,000	1,012,000,000	1,012,000,000	1,012,000,000
Share premium					
Share premium on ordinary shares	15	60,384,380	60,384,380	60,384,380	60,384,380
Retained earnings					
Appropriated					
Legal reserve	16	37,851,000	35,336,000	37,851,000	35,336,000
Unappropriated		390,485,738	456,521,485	56,169,695	109,596,077
Other components of equity		9,909,435	2,491,491	-	-
<b>Total equity</b>		<b>1,510,630,553</b>	<b>1,566,733,356</b>	<b>1,166,405,075</b>	<b>1,217,316,457</b>
<b>Total liabilities and equity</b>		<b>2,121,224,879</b>	<b>2,006,708,771</b>	<b>1,181,567,654</b>	<b>1,233,098,084</b>

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

# Statement of comprehensive income

PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Revenues</b>					
Revenue from sales of goods	17	2,715,628,946	2,818,074,591	-	-
Revenue from rendering of services		63,607,458	55,011,876	-	-
<b>Total revenues</b>	17	<b>2,779,236,404</b>	<b>2,873,086,467</b>	-	-
<b>Costs</b>					
Cost of sales of goods	7	2,374,787,588	2,293,320,056	-	-
Cost of rendering of services		59,561,505	48,457,126	-	-
<b>Total costs</b>	19	<b>2,434,349,093</b>	<b>2,341,777,182</b>	-	-
<b>Gross profit</b>		<b>344,887,311</b>	<b>531,309,285</b>	-	-
Other income	18	4,114,075	3,831,357	82,138,551	154,425,518
<b>Profit before expenses</b>		<b>349,001,386</b>	<b>535,140,642</b>	<b>82,138,551</b>	<b>154,425,518</b>
Selling expenses	19	194,919,211	192,055,163	-	-
Administrative expenses	19	95,354,565	102,517,686	31,849,933	40,478,475
<b>Total expenses</b>		<b>290,273,776</b>	<b>294,572,849</b>	<b>31,849,933</b>	<b>40,478,475</b>
<b>Profit before finance costs and income tax expense</b>		<b>58,727,610</b>	<b>240,567,793</b>	<b>50,288,618</b>	<b>113,947,043</b>
Finance costs		(5,811,625)	(2,217,016)	-	-
<b>Profit before income tax expense</b>	17	<b>52,915,985</b>	<b>238,350,777</b>	<b>50,288,618</b>	<b>113,947,043</b>
Tax expense	20	(15,236,732)	(46,596,437)	-	-
<b>Profit for the year</b>		<b>37,679,253</b>	<b>191,754,340</b>	<b>50,288,618</b>	<b>113,947,043</b>

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

# Statement of comprehensive income

PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Other comprehensive income (expense)</b>					
<b>Items that will be reclassified subsequently</b>					
<b>to profit or loss</b>					
Exchange difference on					
translating foreign operations		7,417,944	(194,681,079)	-	-
<b>Total items that will be reclassified</b>		<b>7,417,944</b>	<b>(194,681,079)</b>	<b>-</b>	<b>-</b>
<b>to profit or loss</b>		<b>7,417,944</b>	<b>(194,681,079)</b>	<b>-</b>	<b>-</b>
<b>Items that will not be reclassified to profit</b>					
<b>or loss</b>					
Loss on remeasurements of defined					
benefit plan	14	-	(509,137)	-	(509,137)
<b>Total items that will not be reclassified</b>		<b>-</b>	<b>(509,137)</b>	<b>-</b>	<b>(509,137)</b>
<b>to profit or loss</b>		<b>-</b>	<b>(509,137)</b>	<b>-</b>	<b>(509,137)</b>
<b>Other comprehensive income (expense)</b>					
<b>for the year</b>		<b>7,417,944</b>	<b>(195,190,216)</b>	<b>-</b>	<b>(509,137)</b>
<b>Total comprehensive income (expense)</b>					
<b>for the year</b>		<b>45,097,197</b>	<b>(3,435,876)</b>	<b>50,288,618</b>	<b>113,437,906</b>
Basic earnings per share	21	0.37	1.89	0.50	1.13

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

# Statement of changes in equity

## PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Consolidated financial statements							Total equity
	Retained earnings			Other components of equity			Total other components of equity	
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Difference arising from business combination under common control	Translating foreign operations		
<i>(in Baht)</i>								
<b>Year ended 31 December 2017</b>								
Balance at 1 January 2017	1,012,000,000	60,384,380	29,638,000	389,376,282	359,606,167	(162,433,597)	197,172,570	1,688,573,232
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends	-	-	-	(118,404,000)	-	-	-	(118,404,000)
<b>Total distributions to owners of the Company</b>	-	-	-	(118,404,000)	-	-	-	(118,404,000)
Comprehensive income (expense) for the year								
Profit	-	-	-	191,754,340	-	-	-	191,754,340
Other comprehensive income (expense)	-	-	-	(509,137)	-	(194,681,079)	(194,681,079)	(195,190,216)
<b>Total comprehensive income (expense) for the year</b>	-	-	-	191,245,203	-	(194,681,079)	(194,681,079)	(3,435,876)
Transfer to legal reserves	-	-	5,696,000	(5,696,000)	-	-	-	-
Balance at 31 December 2017	1,012,000,000	60,384,380	35,336,000	456,521,485	359,606,167	(357,114,676)	2,491,491	1,566,733,356
<b>Year ended 31 December 2018</b>								
Balance at 1 January 2018	1,012,000,000	60,384,380	35,336,000	456,521,485	359,606,167	(357,114,676)	2,491,491	1,566,733,356
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends	-	-	-	(101,200,000)	-	-	-	(101,200,000)
<b>Total distributions to owners of the Company</b>	-	-	-	(101,200,000)	-	-	-	(101,200,000)
Comprehensive income (expense) for the year								
Profit	-	-	-	37,679,253	-	-	-	37,679,253
Other comprehensive income (expense)	-	-	-	-	-	7,417,944	7,417,944	7,417,944
<b>Total comprehensive income (expense) for the year</b>	-	-	-	37,679,253	-	7,417,944	7,417,944	45,097,197
Transfer to legal reserves	-	-	2,515,000	(2,515,000)	-	-	-	-
Balance at 31 December 2018	1,012,000,000	60,384,380	37,851,000	390,485,738	359,606,167	(348,696,732)	9,909,435	1,510,630,553

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

# Statement of changes in equity

## PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Retained earnings	Unappropriated	
<b>Year ended 31 December 2017</b>							
Balance at 1 January 2017		1,012,000,000	60,384,380	29,638,000	120,260,171	1,222,282,551	
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends	22	-	-	-	(118,404,000)	(118,404,000)	
<b>Total distributions to owners of the Company</b>					<b>(118,404,000)</b>	<b>(118,404,000)</b>	
Comprehensive income for the year							
Profit		-	-	-	113,947,043	113,947,043	
Other comprehensive income (expense)		-	-	-	(509,137)	(509,137)	
<b>Total comprehensive income for the year</b>					<b>113,437,906</b>	<b>113,437,906</b>	
Transfer to legal reserves	16	-	-	5,698,000	(5,698,000)	-	
<b>Balance at 31 December 2017</b>		<b>1,012,000,000</b>	<b>60,384,380</b>	<b>35,336,000</b>	<b>109,596,077</b>	<b>1,217,316,457</b>	
<b>Year ended 31 December 2018</b>							
Balance at 1 January 2018		1,012,000,000	60,384,380	35,336,000	109,596,077	1,217,316,457	
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends	22	-	-	-	(101,200,000)	(101,200,000)	
<b>Total distributions to owners of the Company</b>					<b>(101,200,000)</b>	<b>(101,200,000)</b>	
Comprehensive income for the year							
Profit		-	-	-	50,288,618	50,288,618	
Other comprehensive income (expense)		-	-	-	-	-	
<b>Total comprehensive income for the year</b>					<b>50,288,618</b>	<b>50,288,618</b>	
Transfer to legal reserves	16	-	-	2,515,000	(2,515,000)	-	
<b>Balance at 31 December 2018</b>		<b>1,012,000,000</b>	<b>60,384,380</b>	<b>37,851,000</b>	<b>56,169,695</b>	<b>1,166,405,075</b>	

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



# Statement of cash flows

## PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b>Cash flows from operating activities</b>				
Profit for the year	37,679,253	191,754,340	50,288,618	113,947,043
<i>Adjustments to reconcile profit to</i>				
<i>cash receipts (payments)</i>				
Tax expense	15,236,732	46,596,437	-	-
Finance costs	5,811,625	2,217,016	-	-
Depreciation	67,289,949	63,458,058	105,487	100,031
Amortisation on intangible assets	25,195	131,227	-	-
Reversal of allowance for decline in value				
of inventories	-	(1,602,362)	-	-
Unrealised loss on exchange	834,431	11,309,210	2,530,189	11,375,716
Realised loss on exchange	8,231,121	3,230,333	6,311,998	6,664,521
Gain on disposals of plant, and equipment	(99,470)	(380,362)	-	-
Provision for employee benefit	1,167,610	511,700	799,533	312,823
Interest income	(1,138,455)	(3,450,995)	(3,855,175)	(3,801,705)
Dividend income from a subsidiary	-	-	(78,137,172)	(150,623,813)
	<u>135,037,991</u>	<u>313,774,602</u>	<u>(21,956,522)</u>	<u>(22,025,384)</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	43,049,049	70,381,325	-	-
Other receivables	(3,553,441)	10,057,155	290,815	4,018,412
Inventories	(312,361,428)	(344,909,591)	-	-
Other current assets	3,676,794	(21,891,230)	1,357,568	63,264
Trade accounts payable	(60,121,425)	44,582,420	(478,473)	(1,006,624)
Other payables	(27,961,958)	11,254,362	(233,814)	15,876
Advances from customers	12,047,434	5,662,382	-	-
Provision for employee benefit paid	(964,779)	(967,844)	(706,294)	-
Net cash generated from (used in) operating	<u>(211,151,763)</u>	<u>87,943,581</u>	<u>(21,726,720)</u>	<u>(18,934,456)</u>
Income tax paid	<u>(25,934,119)</u>	<u>(61,847,258)</u>	<u>(393,578)</u>	<u>(548,226)</u>
<b>Net cash from (used in) operating activities</b>	<b><u>(237,085,882)</u></b>	<b><u>26,096,323</u></b>	<b><u>(22,120,298)</u></b>	<b><u>(19,482,682)</u></b>

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

# Statement of cash flows

## PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(29,766,090)	(154,797,641)	(119,168)	(59,225)
Proceeds from sale plant and equipment	99,470	380,362	-	-
Dividend received from subsidiary	-	-	144,311,815	130,281,597
Interest received	1,138,455	3,450,995	3,873,269	3,889,229
<b>Net cash from (used in) investing activities</b>	<b>(28,528,165)</b>	<b>(150,966,284)</b>	<b>148,065,916</b>	<b>134,111,601</b>
<b>Cash flows from financing activities</b>				
Proceeds from short-term borrowings from financial institution	889,865,253	246,213,863	-	-
Repayment of short-term borrowings from financial institution	(628,870,574)	(131,005,142)	-	-
Dividend paid to owners of the Company	(101,200,000)	(118,404,000)	(101,200,000)	(118,404,000)
Finance costs paid	(5,811,625)	(2,217,016)	-	-
<b>Net cash from (used in) financing activities</b>	<b>153,983,054</b>	<b>(5,412,295)</b>	<b>(101,200,000)</b>	<b>(118,404,000)</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(111,630,993)	(130,282,256)	24,745,618	(3,775,081)
Translating foreign operation	7,477,211	(36,062,586)	-	-
Effect of exchange rate changes on cash and cash equivalents	(168,441)	20,219	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(104,322,223)</b>	<b>(166,324,623)</b>	<b>24,745,618</b>	<b>(3,775,081)</b>
Cash and cash equivalents at 1 January	307,148,466	473,473,089	15,553,993	19,329,074
<b>Cash and cash equivalents at 31 December</b>	<b>202,826,243</b>	<b>307,148,466</b>	<b>40,299,611</b>	<b>15,553,993</b>
<b>Non-cash transaction</b>				
Dividend receivable	-	-	78,137,172	150,623,813

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

# Notes to the financial statements

**PM Thoresen Asia Holdings Public Company Limited and its Subsidiaries**

**For the year ended 31 December 2018**

<b>Note</b>	<b>Contents</b>
1	General information and business restructuring
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Investments in subsidiaries
9	Plant and equipment
10	Deferred tax
11	Short-term borrowings from financial institution
12	Trade accounts payable
13	Other payables
14	Non-current provision for employee benefit
15	Share capital
16	Reserves
17	Segment information
18	Other income
19	Expenses by nature
20	Tax expense
21	Basic earnings per share
22	Dividends
23	Financial instruments
24	Commitments
25	Event after the reporting period
26	Thai Financial Reporting Standards (TFRS) not yet adopted

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements and were approved and authorised for issue by the Board of Directors on 27 February 2019.

## **1 General information and business restructuring**

### **(a) General information**

PM Thoresen Asia Holdings Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 26/26-27 Orakarn Building, 8<sup>th</sup> Floor, Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 6 May 2015.

The immediate and ultimate parent company during the financial period was Thoresen Thai Agencies Public Company Limited, incorporated in Thailand.

The principal activity of the Company is that of investment holdings. The principal activities of the Company and its subsidiaries (the “Group”) are to manufacture NPK synthesised chemical and microelement fertilisers; to supply new seeds and agriculture materials; to manufacture, import and export plant protection chemicals (types to be licensed in Vietnam); and to provide factory area management services.

Details of the Company’s subsidiaries as at 31 December 2018 and 2017 are given in note 8.

### **(b) Business restructuring**

The Company was incorporated on 7 June 2013 and acquired the entire share capital of Baconco Co., Ltd. (“Baconco”) and PM Thoresen Asia Singapore Pte. Ltd. (“PMTS”) (Formerly “Atlantis Offshore Construction Pte. Ltd.”) on 1 October 2013 and 12 November 2013 (“acquisition dates”), respectively, from Soleado Holdings Pte. Ltd. (“Soleado”) for a cash consideration of USD 28.88 million (equivalent to approximately Baht 904 million). The Company, Baconco, PMTS and Soleado were all under the common control of the ultimate controlling shareholder, Thoresen Thai Agencies Public Company Limited (“TTA”) before and after the acquisition dates.

As the same ultimate controlling shareholder controlled both Baconco and PMTS before and after the acquisition dates, and that control was not transitory, the consolidated financial statements have been prepared on the basis of a business combination involving entities and businesses under common control. Accordingly, the acquisitions of Baconco and PMTS have been accounted for in a manner similar to a pooling of interests method and assets and liabilities acquired have been recognised at their carrying amount. Similarly, currency translation differences in other components of equity have been recognised at their carrying amounts and will not be unrecognised until the Company’s interest in Baconco and PMTS are disposed of.

On the respective acquisition dates, the total combined values of net assets of Baconco and PMTS, excluding currency translation differences recognised by the Company at their carrying amounts, of Baht 1,264 million were recorded as “Difference arising from business combination under common control”. This was recognised in the consolidated statements of changes in equity as a separate component of equity. The cash consideration paid to Soleado of USD 28.88 million (equivalent to Baht 904 million) was deducted from this difference on the respective acquisition dates of Baconco and PMTS.

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

### **(a) Statement of compliance**

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 26.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for defined benefit obligations that have been measured at their present value as explained in note 14.

### **(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency because it is the currency in which funds from financing activities are generated. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

### **(d) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 10 Deferred tax.

#### *Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in note 14 Measurement of provision for defined benefit: key actuarial assumptions.

#### *Measurement of fair values*

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises the transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 23 financial instruments.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

##### *Acquisitions from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

#### *Subsidiaries*

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

#### *Loss of control*

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

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

### **(b) Foreign currencies**

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

**(d) Trade and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily through analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost and includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(f) Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

*Disposal of investments*

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

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

**(g) Plant and equipment**

*Recognition and measurement*

Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for depreciated as separate items (major components) of plant and equipment.



Any gain and loss on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

Buildings and building improvement	20 years
Machinery and equipment	8 years
Motor vehicles	3-6 years
Office equipment	3-5 years

No depreciation is provided on construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **(h) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	5 years
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Amortisation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(i) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of non-financial assets is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(j) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at cost.

**(k) Trade and other payables**

Trade and other payables are stated at cost.

**(l) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Baconco's net obligation in respect to severance allowance in Vietnam which is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Vietnam government bonds that have maturity dates approximating the terms of Baconco's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

#### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(n) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

*Interest income*

Interest income is recognised in profit or loss as it accrues.

**(o) Finance costs**

Finance costs mainly comprise interest expense and similar costs on borrowings and are recognised in profit or loss as it accrues.

**(p) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(q) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(s) Segment reporting**

Segment results that are reported to the Group's CODM (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Company's results.

## **4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 8. Relationship with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Thoresen Thai Agencies Public Company Limited	Thailand	The parent of the Company
ThoresenVinama Co., Limited ("ThoresenVinama")	Vietnam	Common director
Thoresen (Indochina) S.A.	Panama	Common shareholder and director
Thoresen-Vinama Logistics Company Limited	Vietnam	Common director
Baria Serece	Vietnam	Common shareholder and director
Thoresen&Company (Bangkok) Limited	Thailand	Common shareholder and director
Key management personnel	Multi-nationalities	Persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales and revenue from rendering of services	In line with market
Interest income	Market linked rate
Purchase of raw material	Cost plus a fixed margin
Services expenses	In line with market
Administrative expenses	Actual cost
Dividend	Right to receive dividends

Significant transactions for the year ended 31 December 2018 and 2017 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Administrative expenses	1,340	1,260	1,340	1,260
Dividend paid	69,338	81,126	69,338	81,126

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Dividend Income	-	-	78,137	150,624
Interest income	-	-	3,514	3,673
<b>Other related parties</b>				
Revenue from rendering of services	59,524	53,617	-	-
Services expenses	170,497	155,196	-	-
Administrative expenses	5,522	5,252	-	68
<b>Key management personnel</b>				
Wages and salaries	35,532	33,894	2,460	2,332
Others	5,774	12,656	-	-
<b>Total key management personnel compensation</b>	<b>41,306</b>	<b>46,550</b>	<b>2,460</b>	<b>2,332</b>

The Group's directors are of the opinion that the above related party transactions were conducted on terms no less favourable than terms available to or from independent third parties and in the ordinary course of business.

Balances as at 31 December 2018 and 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable</b>				
Other related parties	6,076	5,682	-	-
<b>Other receivables</b>				
Subsidiaries	-	-	118,683	193,177
<b>Total</b>	<b>-</b>	<b>-</b>	<b>118,683</b>	<b>193,177</b>

At the Board of Directors' meeting of Baconco Co., Ltd. ("Baconco") held on 12 December 2018, the Board approved the dividend appropriation of VND 55,000,000,000 equivalent to Baht 78.1 million or USD 2.4 million to the Company. The dividend will be paid in April 2019.

At the Board of Directors' meeting of Baconco Co., Ltd. ("Baconco") held on 30 December 2017, the Board approved the dividend appropriation of VND 105,343,000,000 equivalent to Baht 150.6 million or USD 4.6 million to the Company. The dividend was paid in March 2018.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Short-term loan to</b>				
Subsidiary	-	-	116,806	117,638

The Company granted an unsecured short-term loan to a subsidiary, PM Thoresen Asia (Singapore) Pte. Ltd. (“PMTS”) to support PMTS’s working capital, bearing fixed interest at the rate of 3% per annum with repayment term within 1 year. As at 31 December 2018, the loan amounted to USD 3.6 million, equivalent to Baht 116.8 million (2017: USD 3.6 million, equivalent to Baht 117.6 million). Currently, the Company and PMTS agreed to extend the loan repayment to be on 21 August 2019.

Movements of short-term loan to subsidiary during the year ended 31 December 2018 and 2017 are as follows:

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Short-term loan to subsidiary</b>		
At 1 January	117,638	129,014
Unrealised loss on exchange	(832)	(11,376)
<b>At 31 December</b>	<b>116,806</b>	<b>117,638</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Trade accounts payable</b>				
Parent	336	330	336	330
Subsidiaries	-	-	11,416	11,497
Other related parties	16,796	13,869	-	-
<b>Total</b>	<b>17,132</b>	<b>14,199</b>	<b>11,752</b>	<b>11,827</b>
<b>Other payables</b>				
<b>Accrued employee benefits</b>				
Key management personnel	3,502	10,039	212	56

## 5 Cash and cash equivalents

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	347	234	5	5
Cash at banks	202,479	278,914	40,295	15,549
Fixed deposits	-	28,000	-	-
<b>Total</b>	<b>202,826</b>	<b>307,148</b>	<b>40,300</b>	<b>15,554</b>

## 6 Trade accounts receivable

		<b>Consolidated financial statements</b>	
	Note	2018	2017
		<i>(in thousand Baht)</i>	
Related parties	4	6,076	5,682
Other parties		222,140	272,277
<b>Total</b>		<b>228,216</b>	<b>277,959</b>



Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated Financial statement</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Within credit terms	6,076	5,682
	<u>6,076</u>	<u>5,682</u>
<b>Other parties</b>		
Within credit terms	190,654	234,272
Overdue:		
Less than 3 months	30,271	38,005
3 – 6 months	1,215	-
	<u>222,140</u>	<u>272,277</u>
<b>Total</b>	<b><u>228,216</u></b>	<b><u>277,959</u></b>

The normal credit term granted by the Group ranges from 10 days to 120 days.

## 7 Inventories

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Finished goods	233,309	149,877
Merchandises	59,555	55,032
Raw materials	681,934	412,420
Tools and supplies	57,075	55,834
Goods in transit	7,736	56,990
<b>Total</b>	<b><u>1,039,609</u></b>	<b><u>730,153</u></b>
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	2,374,788	2,294,922
- Reversal of write-down	-	(1,602)
<b>Net</b>	<b><u>2,374,788</u></b>	<b><u>2,293,320</u></b>

As at 31 December 2018, inventories with carrying amount of VND 203.1 billion, equivalent to Baht 283.7 million (2017: VND 203.1 billion, equivalent to Baht 284.3 million), were pledged as security for the loan facility from a financial institution in Vietnam of VND 300 billion, equivalent to Baht 419.1 million (2017: VND 300 billion, equivalent to Baht 420 million).

## 8 Investments in subsidiaries

Separate financial statements	
2018	2017
<i>(in thousand Baht)</i>	
905,064	905,064

At the beginning and the end of the financial year 905,064 905,064

During the year ended 31 December 2018, there was no acquisition or disposal of investment in subsidiaries.

Investments in subsidiaries as at 31 December 2018 and 2017 and dividend income from those investments for the year then ended, were as follows:

Name of subsidiaries	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital	Cost	Dividend income	
			2018	2017			2018	2017
<b>Direct subsidiaries</b>								
Baconco Co., Ltd.	Fertiliser production and factory area management services	Vietnam	100	100	VND 377,072 million	904,049	78,137	150,624
PM Thoresen Asia (Singapore) Pte. Ltd.	General trading	Singapore	100	100	SGD 40,000	1,015	-	-
<b>Total</b>						<b>905,064</b>		

*(in thousand Baht)*

## 9 Plant and equipment

	Consolidated financial statements						Total
	Buildings and building improvement	Machinery and equipment	Motor vehicles <i>(in thousand Bant)</i>	Office equipment	Assets under construction		
<b>Cost</b>							
At 1 January 2017	642,060	380,739	64,485	4,354	14,741	1,106,379	
Additions	1,854	16,209	17,031	292	119,411	154,797	
Disposals and write-off	-	(6,086)	(3,223)	(79)	-	(9,388)	
Transfer	106,006	18,402	-	-	(124,408)	-	
Translation adjustments	(80,354)	(48,255)	(8,981)	(497)	(9,744)	(147,831)	
<b>At 31 December 2017 and 1 January 2018</b>	<b>669,566</b>	<b>361,009</b>	<b>69,312</b>	<b>4,070</b>	<b>-</b>	<b>1,103,957</b>	
Additions	938	15,948	4,751	52	8,077	29,766	
Disposals and write-off	(61)	(7,483)	(685)	(296)	-	(8,525)	
Translation adjustments	(1,439)	(699)	(239)	(6)	(40)	(2,423)	
<b>At 31 December 2018</b>	<b>669,004</b>	<b>368,775</b>	<b>73,139</b>	<b>3,820</b>	<b>8,037</b>	<b>1,122,775</b>	
<b>Accumulated depreciation</b>							
At 1 January 2017	(193,199)	(255,311)	(32,320)	(3,569)	-	(484,399)	
Depreciation charge for the year	(30,509)	(23,125)	(9,553)	(271)	-	(63,458)	
Disposals and write-off	-	6,086	3,223	79	-	9,388	
Translation adjustments	26,158	33,044	4,450	435	-	64,087	
<b>At 31 December 2017 and 1 January 2018</b>	<b>(197,550)</b>	<b>(239,306)</b>	<b>(34,200)</b>	<b>(3,326)</b>	<b>-</b>	<b>(474,382)</b>	
Depreciation charge for the year	(33,001)	(24,235)	(9,784)	(270)	-	(67,290)	
Disposals and write-off	61	7,483	685	296	-	8,525	
Translation adjustments	570	486	108	6	-	1,170	
<b>At 31 December 2018</b>	<b>(229,920)</b>	<b>(255,572)</b>	<b>(43,191)</b>	<b>(3,294)</b>	<b>-</b>	<b>(531,977)</b>	
<b>Net book value</b>							
At 31 December 2017	472,016	121,703	35,112	744	-	629,575	
At 31 December 2018	439,084	113,203	29,948	526	8,037	590,798	

	<b>Separate financial statements</b>		
	Buildings improvement	Office equipment	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2017	18	456	474
Additions	-	59	59
<b>At 31 December 2017 and 1 January 2018</b>	<b>18</b>	<b>515</b>	<b>533</b>
Additions	119	-	119
<b>At 31 December 2018</b>	<b>137</b>	<b>515</b>	<b>652</b>
<b>Accumulated depreciation</b>			
At 1 January 2017	(1)	(137)	(138)
Depreciation charge for the year	(1)	(99)	(100)
<b>At 31 December 2017 and 1 January 2018</b>	<b>(2)</b>	<b>(236)</b>	<b>(238)</b>
Depreciation charge for the year	(1)	(104)	(105)
<b>At 31 December 2018</b>	<b>(3)</b>	<b>(340)</b>	<b>(343)</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>16</b>	<b>279</b>	<b>295</b>
<b>At 31 December 2018</b>	<b>134</b>	<b>175</b>	<b>309</b>

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 204 million (2017: Baht 180.9 million).

As at 31 December 2018, plant and equipment with original cost of VND 127.7 billion, equivalent to Baht 178.5 million (2017: VND 127.7 billion, equivalent to Baht 178.8 million) are pledged against credit facilities from a financial institution in Vietnam of VND 300 billion, equivalent to Baht 419.1 million (2017: VND 300 billion, equivalent to Baht 420 million).

## 10 Deferred tax

Movements in total deferred tax assets during the year were as follows:

	<b>Consolidated financial statements</b>			<b>At 31 December 2018</b>
	<b>At 1 January 2018</b>	(Charged) / credited to profit or loss	Exchange differences	
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Accrued rebate expenses	6,535	(2,217)	12	4,330
Accrued promotion expense	1,204	(186)	(13)	1,005
Others	361	44	(3)	402
<b>Total</b>	<b>8,100</b>	<b>(2,359)</b>	<b>(4)</b>	<b>5,737</b>

	Consolidated financial statements			At 31 December 2017
	At 1 January 2017	(Charged) / credited to profit or loss <i>(in thousand Baht)</i>	Exchange differences	
<b>Deferred tax assets</b>				
Accrued rebate expenses	6,407	1,129	(1,001)	6,535
Accrued promotion expense	1,826	(578)	(44)	1,204
Others	1,138	(777)	-	361
<b>Total</b>	<b>9,371</b>	<b>(226)</b>	<b>(1,045)</b>	<b>8,100</b>

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deductible temporary differences	484	480	484	480
Tax losses	22,036	17,701	19,029	13,809
<b>Total</b>	<b>22,520</b>	<b>18,181</b>	<b>19,513</b>	<b>14,289</b>

Deferred tax assets have not been recognised in respect of the tax losses because it is not probable that future taxable profit will be available against which they can be utilised. Tax losses for PMTS do not expire under Singapore current tax legislations. Tax losses can carry out for 5 years under Thai tax legislations.

## 11 Short-term borrowings from financial institution

As at 31 December 2018, the Group had secured short-term borrowings from a financial institution in Vietnam amounting to USD 11.3 million, equivalent to Baht 366 million, bearing interest at the rate of 3.2% per annum and being mature in June 2019.

As at 31 December 2017, the Group had secured short-term borrowings from a financial institution in Vietnam amounting to USD 3.3 million, equivalent to Baht 106.1 million, bearing interest at the rate of 2.8% per annum and being mature in March 2018.

Plant and equipment with original cost of VND 127.7 billion, equivalent to Baht 178.5 million (2017: VND 127.7 billion, equivalent to Baht 178.8 million) and inventories of VND 203.1 billion, equivalent to Baht 283.7 million (2017: VND 203.1 billion, equivalent to Baht 284.3 million) were pledged as collateral for credit facilities of VND 300 billion, equivalent to Baht 419.1 million (2017: VND 300 billion, equivalent to Baht 420 million).

## 12 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	17,132	14,199	11,752	11,827
Other parties		140,523	204,156	38	442
<b>Total</b>		<b>157,655</b>	<b>218,355</b>	<b>11,790</b>	<b>12,269</b>

### 13 Other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Accrued rebate expenses	27,568	39,373	-	-
Accrued employee benefits	11,710	24,363	687	764
Accrued promotion expense	6,852	8,026	-	-
Others	11,468	13,955	953	1,110
<b>Total</b>	<b>57,598</b>	<b>85,717</b>	<b>1,640</b>	<b>1,874</b>

### 14 Non-current provision for employee benefit

Provision for employee benefit in the consolidated financial statements represent those of the Company and its subsidiary, Baconco.

#### *Subsidiary – Baconco*

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, Baconco and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency.

With the implementation of unemployment insurance scheme, Baconco is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of reporting date was determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			

#### **Statement of financial position**

##### **Non-current provisions for:**

Defined benefit plan	9,463	9,300	1,594	1,524
Other long-term employee benefits	138	115	138	115
<b>Total</b>	<b>9,601</b>	<b>9,415</b>	<b>1,732</b>	<b>1,639</b>

#### **Statement of comprehensive income:**

##### **Recognised in profit or loss:**

Defined benefit plan	1,145	465	777	266
Other long-term employee benefits	22	47	22	47
<b>Total</b>	<b>1,167</b>	<b>512</b>	<b>799</b>	<b>313</b>

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

*(in thousand Baht)*

**Recognised in other comprehensive income:**

Actuarial losses recognised in the year	-	509	-	509
Cumulative actuarial losses recognised	<u>509</u>	<u>509</u>	<u>509</u>	<u>509</u>

**Defined benefit plan**

The Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements. These changes have no material effect on the financial statements.

The defined benefit plans expose the Company to actuarial risks, such as discount rate, future salary growth and turnover rate.

Movement in the present value of the obligations.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

*(in thousand Baht)*

At 1 January	9,415	10,524	1,639	817
<b>Include in profit or loss:</b>				
Current service cost and interest on obligation	1,167	512	799	313
<b>Include in other comprehensive income:</b>				
Actuarial loss	-	509	-	509
Effect of movements in exchange rates	(16)	(1,162)	-	-
	<u>(16)</u>	<u>(653)</u>	<u>-</u>	<u>509</u>
<b>Other</b>				
Benefit paid	(965)	(968)	(706)	-
<b>At 31 December</b>	<u><b>9,601</b></u>	<u><b>9,415</b></u>	<u><b>1,732</b></u>	<u><b>1,639</b></u>

Actuarial losses recognised in other comprehensive income arising from:

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	62
Financial assumptions	-	7
Experience adjustment	-	440
<b>Total</b>	<b>-</b>	<b>509</b>

### **Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>Separate financial statements</b>	
	2018	2017
	<i>(%)</i>	
Discount rate	3.08	3.08
Future salary growth	6.00	6.00
Turnover rate	1.91 - 22.92	1.91 - 22.92

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 6.26 years (2017: 5.26 years).

### **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.

	<b>Separate financial statements</b>	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
<b>At 31 December 2018</b>		
Discount rate (1% movement)	(183)	213
Future salary growth (1% movement)	197	(172)
Turnover rate (20% movement)	(128)	149
<b>At 31 December 2017</b>		
Discount rate (1% movement)	(149)	174
Future salary growth (1% movement)	148	(129)
Turnover rate (20% movement)	(95)	110

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



## 15 Share capital

	Par value per share (in Baht)	Consolidated and Separate financial statements			
		2018		2017	
		Number	Amount	Number	Amount
		<i>(thousand shares / in thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	10	101,200	1,012,000	101,200	1,012,000
<b>At 31 December</b>					
- ordinary shares	10	<b>101,200</b>	<b>1,012,000</b>	<b>101,200</b>	<b>1,012,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	10	101,200	1,012,000	101,200	1,012,000
<b>At 31 December</b>					
- ordinary shares	10	<b>101,200</b>	<b>1,012,000</b>	<b>101,200</b>	<b>1,012,000</b>

### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## 16 Reserves

Reserves comprise:

### Appropriations of profit and/or retained earnings

#### Legal reserve

	Consolidated and Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Beginning balance of the financial year	35,336	29,638
Appropriation during the year	2,515	5,698
<b>Ending balance of the financial year</b>	<b>37,851</b>	<b>35,336</b>

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### ***Other components of equity***

#### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### **Difference arising from common control transaction**

The difference arising from common control transactions represent the excess of the book values of certain entities of business under common control over their cost as of the date of their acquisition and have been recorded as a reserve. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

## **17 Segment information**

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1            Manufacture of fertiliser and crop care products
- Segment 2            Factory area management services

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Information about reportable segments**

	Consolidated financial statements					
	Manufacture of fertiliser and crop care products		Factory area management services		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>					
Revenue from external customers and a related party	2,715,629	2,818,074	63,607	55,012	2,779,236	2,873,086
Segment profit before tax expense	106,063	301,956	4,046	6,555	110,109	308,511
Segment assets as at 31 December	1,662,882	1,558,475	373,006	400,610	2,035,888	1,959,085
Segment liabilities as at 31 December	678,174	424,777	630	537	678,804	425,314

### Reconciliation of reportable segment profit or loss and assets

<b>For the year ended 31 December</b>	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Profit or loss</b>		
Total reportable segment profit	110,109	308,511
Unallocated amounts	(57,193)	(70,160)
<b>Consolidated profit before income tax</b>	<b>52,916</b>	<b>238,351</b>

<b>As at 31 December</b>	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
Total reportable segment assets	2,035,888	1,959,085
Unallocated amounts	85,337	47,624
<b>Total assets</b>	<b>2,121,225</b>	<b>2,006,709</b>
<b>Liabilities</b>		
Total reportable segment liabilities	678,804	425,314
Unallocated amounts	(68,210)	14,662
<b>Total liabilities</b>	<b>610,594</b>	<b>439,976</b>

### Geographical information

The manufacture of fertiliser and crop care products is managed on a worldwide basis but operated from manufacturing facilities and sales offices in Vietnam. In presenting geographical information, revenue is based on the geographical location of the customer. There are no material assets located in other countries.

<b>For the year ended 31 December</b>	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Revenue from sales</b>		
Vietnam	1,867,547	2,012,517
Other countries	848,082	805,557
<b>Total</b>	<b>2,715,629</b>	<b>2,818,074</b>

### Major customer

Revenues from a customer of the Group's manufacture of fertilizer and crop care products segments represents approximately Baht 230.7 million (2017: Baht 165.5 million) of the Group's total revenues.

## 18 Other income

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Dividend income	4	-	-	78,137	150,624
Interest income		1,138	3,451	3,855	3,802
Others		2,976	380	147	-
<b>Total</b>		<b>4,114</b>	<b>3,831</b>	<b>82,139</b>	<b>154,426</b>

## 19 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<b>Expenses included in costs of sales and services</b>				
Raw materials and consumables used	1,975,606	1,915,526	-	-
Cost of merchandise goods sold	130,164	113,533	-	-
Personnel expenses	104,242	111,628	-	-
Depreciation and amortisation expenses	65,128	60,728	-	-
Production overhead	159,209	140,362	-	-
<b>Total</b>	<b>2,434,349</b>	<b>2,341,777</b>	<b>-</b>	<b>-</b>
<b>Expenses included in selling expenses</b>				
Transportation and travelling expenses	96,845	93,877	-	-
Personnel expenses	40,635	41,768	-	-
Marketing expenses	33,099	32,171	-	-
Depreciation and amortisation expenses	1,584	1,593	-	-
Others	22,756	22,646	-	-
<b>Total</b>	<b>194,919</b>	<b>192,055</b>	<b>-</b>	<b>-</b>
<b>Expenses included in administrative expenses</b>				
Personnel expenses	59,834	65,048	14,420	12,881
Losses on exchange rate	9,033	14,484	9,092	21,085
Professional fees	8,189	2,779	2,066	1,881
Rental expenses	5,964	5,655	1,467	1,471
Travelling expenses	2,821	3,029	496	491
Depreciation and amortisation expenses	603	1,163	105	100
Others	8,911	10,360	4,204	2,569
<b>Total</b>	<b>95,355</b>	<b>102,518</b>	<b>31,850</b>	<b>40,478</b>

## 20 Tax expense

### Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		12,878	46,370	-	-
		<b>12,878</b>	<b>46,370</b>	-	-
<b>Deferred tax expense</b>					
Movements in temporary differences	10	2,359	226	-	-
<b>Total</b>		<b>15,237</b>	<b>46,596</b>	-	-

### Reconciliation of effective tax rate

	Consolidated financial statements			
		2018		2017
	Tax rate (%)	<i>(in thousand Baht)</i>	Tax rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		52,916		238,351
Income tax using the Thai corporation tax rate	20	10,583	20	47,670
Effect of different tax rates in foreign jurisdictions		(3,716)		(13,041)
Expenses not deductible for tax purposes		3,501		3,644
Current year losses and temporary differences for which no deferred tax assets was recognised		4,516		6,193
Others		353		2,130
<b>Total</b>	<b>29</b>	<b>15,237</b>	<b>20</b>	<b>46,596</b>

	Separate financial statements			
		2018		2017
	Tax rate (%)	<i>(in thousand Baht)</i>	Tax rate (%)	<i>(in thousand Baht)</i>
Profit before income taxes		50,289		113,947
Income tax using the Thai corporation tax rate	20	10,058	20	22,789
Income not subject to tax		(15,627)		(30,124)
Expenses not deductible for tax purposes		244		12
Current year losses and temporary differences for which no deferred tax assets was recognised		5,325		7,323
<b>Total</b>	-	-	-	-

### Applicable tax rates in Vietnam

Under the terms of investment Certificate, Baconco has obligation to pay the Vietnam government income tax at the rate of 15% of taxable profits for the sale of fertilisers. The tax reduction is not applicable to sales of other products and services and other income which are taxed at the rate of 20%.

## 21 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit for the year attributable to ordinary shareholders of the Company (basic)</b>	<b>37,679</b>	<b>191,754</b>	<b>50,289</b>	<b>113,947</b>
<b>Number of ordinary shares outstanding</b>	<b>101,200</b>	<b>101,200</b>	<b>101,200</b>	<b>101,200</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.37</b>	<b>1.89</b>	<b>0.50</b>	<b>1.13</b>

## 22 Dividends

At the Annual General Meeting of the shareholders of the Company held on 23 April 2018, the shareholders approved the appropriation of annual dividend of Baht 1.00 per share amounting to Baht 101.2 million, which the Company paid to shareholders in May 2018.

At the Annual General Meeting of the shareholders of the Company held on 24 April 2017, the shareholders approved the appropriation of annual dividend of Baht 1.17 per share amounting to Baht 118.4 million, which the Company paid to shareholders in May 2017.

## 23 Financial instruments

### (a) Financial risk management

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

**(b) Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on employed capital, which the Group defines as result from earnings before interest expense and taxes divided by total amounts of interest-bearing debts and shareholders' equity, and also monitors the level of dividends to shareholders.

**(c) Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 11). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

**(d) Foreign currency risk**

A substantial part of the assets and liabilities of the Group are recognised in VND, the functional currency of Baconco. These assets and liabilities are translated into THB for presentation purposes. The translation into THB does not imply that the assets and liabilities recognised in VND can be recovered or settled in the future at exchange rates similar to the exchange rate prevailing at the current reporting date.

The Group's business is exposed to the foreign currency risk as significant purchases are denominated in USD. The Group manages this risk by balancing imports and exports, and expanding export market to increase the supply of foreign currencies.

The Group's currency exposure to the USD is as follows:

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Financial assets</b>		
Cash and cash equivalents	34,066	141,807
Trade and other receivables	80,453	47,332
	<b>114,519</b>	<b>189,139</b>
<b>Financial liabilities</b>		
Short-term borrowings from financial institution	(366,001)	(106,128)
Trade accounts payable	(25,144)	(107,355)
	<b>(391,145)</b>	<b>(213,483)</b>
<b>Currency exposure</b>	<b>(276,626)</b>	<b>(24,344)</b>



	Note	Separate financial statements	
		2018	2017
<i>(in thousand Baht)</i>			
<b>Financial assets</b>			
Other receivables	4	118,683	193,177
Short-term loan to subsidiary	4	116,806	117,638
		<b>235,489</b>	<b>310,815</b>
<b>Financial liabilities</b>			
Trade accounts payable		(11,415)	(11,497)
		<b>(11,415)</b>	<b>(11,497)</b>
<b>Currency exposure</b>		<b>224,074</b>	<b>299,318</b>

**(e) Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit risk for each individual customer is limited by applying the credit limit which is approved by the Commercial Director. The billing process of customer and the level of credit risk is controlled continuously by accountant in charge of receivables and reported to the General Director.

**(f) Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**(g) Fair values of financial assets and liabilities**

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates close to current market rate. As at 31 December 2018 and 2017, the carrying amount of the Group's financial instruments does not materially differ from their aggregate fair value.

## 24 Commitments

	Consolidated financial statement		Separate financial statement	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<b>Capital commitments</b>				
Contracted but not provided for factory construction	2,005	154	-	-
<b>Total</b>	<b>2,005</b>	<b>154</b>	<b>-</b>	<b>-</b>

	Consolidated financial statement		Separate financial statement	
	2018	2017	2018	2017

*(in thousand Baht)*

**Future minimum lease payment under  
non-cancellable operating lease**

Within one year	13,555	14,078	1,490	1,154
After one year but within five years	49,014	47,543	230	690
After five years	234,377	242,769	-	-
<b>Total</b>	<b>296,946</b>	<b>304,390</b>	<b>1,720</b>	<b>1,844</b>

As at 31 December 2018 and 2017, the Group has several operating lease agreements in respect of land use rights, office rental and other services agreements which cover period of 1-25 years.

**Others**

As at 31 December 2018, the Group gave a guarantee regarding its own obligations to third party suppliers in the normal course of business for the purchase of raw materials of USD 18 million, equivalent to Baht 584.1 million (2017: USD 23.0 million, equivalent to Baht 751.7 million).

## 25 Event after the reporting period

At the Board of Directors meeting of the Company held on 27 February 2019, the Board of Directors approve to propose the appropriation of dividend of the year ended 31 December 2018 of Baht 0.5 per share, amounting to Baht 50.6 million to the Annual General Meeting of shareholders which will be held in April 2019.

## 26 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated or separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

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

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

**(b) TFRS - Financial instruments standards**

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

**(c) TFRIC 22 Foreign Currency Transactions and Advance Consideration**

TFRIC 22 explains what currency exchange rate should be applied to transactions related to the consideration paid or received in advance in foreign currency.

Management is presently considering the potential impact of adopting and initially applying TFRIC 22 on the consolidated and separate financial statements.

# Related Parties Transactions

For the year ended 31 December 2018 and 31 December 2017

Related party transactions between PMTA and its subsidiaries or between subsidiaries and subsidiaries are shown in the notes to the consolidated financial statements. Significant related party transactions between PMTA and its subsidiaries or transactions with companies or persons that may have conflicts of interest are shown as follows:

Related company	Relationship	Description of transactions	Amount (Baht Thousand)		Pricing policy
			For the year ended 31 Dec 2018	31 Dec 2017	
1. Thoresen Thai Agencies Public Company Limited ("TTA")	TTA is a major shareholder of PMTA holding 68.52% (2017: 68.52%) stake of total issued shares of PMTA.  PMTA and TTA have two common directors being Mr. Chalermchai Mahagitsiri and Mr. Jitender Pal Verma and common management being Mr. Sigmund Stromme.	Rental space expenses and administrative support.	1,340	1,260	Price and condition is in line with market
		Trade account payable	336	330	
		Dividend paid	69,338	81,126	Per shareholders approved
2. Thoresen (Indochina) S.A. ("TI")	TI is a joint venture which 50.00% of shares (2017: 50.00%) held by TTA and 10.00% (2017: 10.00%) held by Mr. Sigmund Stromme.  PMTA and TI have two common directors being Mr. Chalermchai Mahagitsiri and Mr. Sigmund Stromme.	Sea transportation services to Baconco.	77,015	56,182	Price and trading conditions are in line with those which TI charged to other customers.
		Trade account payable	-	5,261	

Related company	Relationship	Description of transactions	Amount (Baht Thousand)		Pricing policy
			For the year ended		
			31 Dec 2018	31 Dec 2017	
3. Thoresen - Vinama Agencies Company Limited ("TVA")	TVA holds 49.00% stake in TI (2017: 49.00%).  PMTA and TVA have a common director being Mr. Sigmund Stromme.	Transportation fee for Baconco	35,125	36,793	Price and trading conditions are in line with those which TVA charged to other customers.  The price is fixed per square meter and settled monthly on actual service space. The price per square meter is in line with current market price in Vietnam.
		Trade account payable	3,246	606	
		Rental income for factory management service <sup>1</sup>	59,524	53,617	
		Trade accounts receivable	6,076	5,682	
4. Thoresen - Vinama Logistics Company Limited ("TVL")	TVL holds 100.00% stake in TVA (2017: 100.00%).  PMTA and TVL have a common director being Mr. Sigmund Stromme.	Transportation services to Baconco	43,754	46,794	Price and trading conditions are in line with those which TVL charged to other customers.
		Trade account payable	10,688	5,643	
5. Baria Joint Stock Company of Services for Import Export of Agro - forestry Products and Fertilizer ("Baria")	Soleado holds 28.00% stake in Baria (2017: 28.00%).  PMTA and Baria have two common directors being Mr. Chalermchai Mahagitsiri and Mr. Sigmund Stromme.	Services related to port for Baconco	14,603	15,427	Price and trading conditions are in line with those which Baria charged to other customers.
		Advance expense for Baria	5,522	5,184	
		Trade accounts payable	2,862	2,199	
6. Thoresen & Company (Bangkok) Limited ("TCB")	TTA holds 99.99% stake in TCB (2017: 99.99%).  PMTA and TCB have three common directors being Mr. Chalermchai Mahagitsiri, Mr. Sigmund Stromme and Mr. Jitender Pal Verma.	Utilities charge	-	68	It is charged as actual cost.

Note: <sup>1</sup> Factory management service is not a core business of Baconco. However, it supports the agrochemical business for managing normal business operations and in preparation for potential business expansion in the future. It helps Baconco to be ready for the expansion of its business in the future by allowing Baconco to have the flexibility in procurement, storage, production and control quantity of goods and materials to maximize the Company's benefit by delivering goods to customers in each period. If there is unoccupied space, the Company also considers leasing it out for more income and profit to the Company.

### **Necessity and Rationale of the Related Parties Transactions**

In case PMTA or its subsidiary signs an agreement or conducts a related party transaction with a subsidiary company, affiliated company and/or third party, PMTA or a subsidiary will consider the necessity and rationale of such agreement based mainly on PMTA's interests.

### **Measures or Procedures for Related Transactions Approval**

If PMTA or its subsidiary is to execute an agreement or if there is any related party transaction between PMTA and its subsidiary, affiliated company, related company, third party and/or anyone with possible conflict of interests, the Board of Directors requires PMTA or a subsidiary, for the purpose of its benefits, to comply with the rules and regulations of the SET and the SEC regarding disclosure of information of listed companies concerning connected transactions. Prices and other conditions shall be on an arm's length basis and are conducted in the best interests of PMTA and all shareholders. Directors, executives, or employees having an interest in such transaction are not allowed to participate in the decision-making process and in any approval process.

### **Future Related Transactions Policy**

The Audit Committee and PMTA will jointly consider and review any related party transactions that may arise in the future to ensure their necessity and fair price basis.



# Dividend Policy

The Company has a policy to pay no less than 25 percent of net profit in the consolidated statement after income tax excluding unrealized profit or loss from exchange rates as dividend which however will depend on investment plans and other related factors. The Board of Directors may review and amend the dividend payment policy from time to time to accord with the Company's plan for future business growth, its demand for investment and other appropriate factors.

The Company is a holding company and its main assets are the investments in the subsidiaries therefore, the ability to pay dividend is subject to the performance and the dividend from Baconco and have to comply with the related rules and regulations of Vietnam and Thailand.

The Company's dividend payment:

	2015	2016	2017	2018 <sup>1</sup>
Earning per share (Baht)	2.36	2.74	1.89	0.37
Dividend per share (Baht)	1.12	1.17	1.00	0.50
Dividend payout ratio	50.1%	42.6%	49.8%	131.4%

Remark <sup>1</sup> The dividend payment for FY 2018 is subjected to the approval of the 2019 Annual General Meeting of shareholders that will be held on 22 April 2019.

# Remuneration of Auditors

## Audit Fee

For the year ended 31 December 2018

Unit : Baht

Company	Audit Fee for KPMG	Audit fee for other auditing firms	Total Fee (by company)
PMTA	1,881,000	-	1,881,000
PMTA's Subsidiaries	643,556	136,301	779,857
Total Audit Fee (by auditing firm)	2,524,556	136,301	2,660,857

## Non-Audit Service Fees

For the year ended 31 December 2018

Unit : Baht

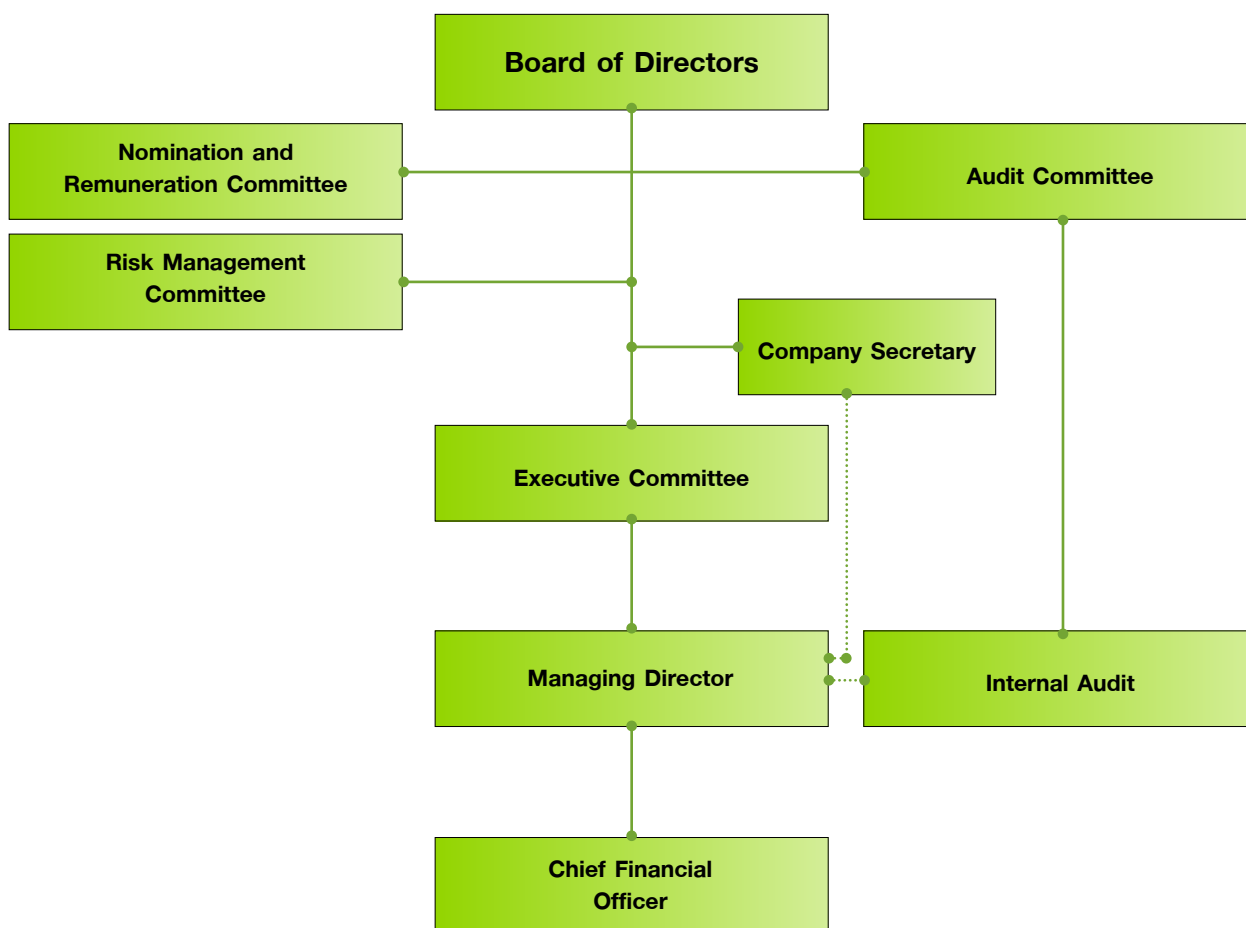
Company	Non-Audit Service Fees for KPMG	Non-Audit Service Fees for other auditing firms	Total Fee (by company)
PMTA	166,667	-	166,667
PMTA's Subsidiaries	1,501,130	-	1,501,130
Total Non-Audit Service Fees (by auditing firm)	1,667,797	-	1,667,797

Note: Non-audit service fees for the year ended 31 December 2018 were primarily relating to the transfer pricing, tax filling and tax advice.



# Management Structure

Organization Structure (as at 31 December 2018)



## Composition of the Board

The Board of Directors consists of the directors who gain valuable knowledge, skills and experience in business. The Board determines the policy, vision, strategies, goal, mission, business plan and budget of the Company. The Board also oversees the executives' operation and management to be in line with the Company's policy, ensuring efficiency and effectiveness in compliance with laws, objectives, Articles of Association, resolutions of shareholders' meetings and resolutions of the Board's meetings, with responsibilities, honesty and prudence as specified in best practices to add business value to the Company and to create stability for shareholders to the highest extent.

The Board of Directors comprises of eight (8) directors, there are three (3) independent directors, who are qualified under the relevant Announcement of the Capital Market Supervisory Board. All three (3) independent directors also act as members of the Audit Committee. No less than half of all directors must reside in Thailand. In addition, the Board of Directors appoints sub-committees to assist in governing the Company's business operation.

Each director shall fully perform one's own duties and make decisions based on independent discretion. Directors can pose questions and express their opinions. They can also suggest objections in the case that there are conflicting views on any matter which could affect the interests of shareholders or stakeholders.

Hereby, the Board of Directors has defined the policy stipulating that Chairman and Managing Director must not be the same individual, to clearly set their separate responsibilities between defining the governing policies and day-to-day management. The Company has clearly separated the roles and responsibilities of the Board of Directors and executives, with a well-balanced authority in operating the business. The Board of Directors is responsible for defining policies and overseeing the executives' operations at policy level. Concurrently, the executives are responsible for managing the Company's tasks in all areas to be in line with the stipulated policies. The Board comprises of eight (8) directors, having Ms. Pemiga Chuangcham as the Company Secretary. The Board of Directors as of 31 December 2018 comprises as follow:

No.	Name	Position	First Appointment Date
1.	Mr. Chalermchai Mahagitsiri	Chairman of the Board, Member of Risk Management Committee and Chairman of Executive Committee	6 January 2014
2.	Mrs. Suvimol Mahagitsiri	Director	25 April 2016
3.	Pol. Lt. Gen. Prakard Satamarn	Independent Director, Chairman of Audit Committee and Member of Nomination and Remuneration Committee	25 January 2017
4.	Assoc. Prof. Dr. Sathit Parniangtong	Independent Director, Member of Audit Committee, Chairman of Nomination and Remuneration Committee and Chairman of Risk Management Committee	6 January 2014
5.	Mr. Somporn Chitphentom	Director, Member of Nomination and Remuneration Committee and Member of Executive Committee	29 January 2015
6.	Mr. Rapee Moungnont	Independent Director and Member of Audit Committee	25 April 2016
7.	Mr. Jitender Pal Verma	Director, Member of Nomination and Remuneration Committee, Member of Risk Management Committee and Member of Executive Committee	15 May 2017
8.	Mr. Sigmund Stromme	Director, Member of Nomination and Remuneration Committee, Member of Risk Management Committee, Member of Executive Committee and Managing Director	6 January 2014
9.	Mr. Pornthep Lertvorratham	Chief Financial Officer	1 June 2016

#### Authorized Director

According to the Company's Certificate of Incorporation issued by the Department of Business Development of the Ministry of Commerce, the directors who are authorized to sign to bind the Company are: Mr. Chalermchai Mahagitsiri, Mr. Somporn Chitphentom, Mr. Jitender Pal Verma and Mr. Sigmund Stromme, two of which shall jointly sign with the Company seal affixed.

#### Nomination of Directors

The Company place high importance on the individuals who gain knowledge, expertise, experience, good performance background and leadership. They must be visionary, moral and ethical. They need to have positive attitude towards the organization. Furthermore, they must be able to dedicate sufficient time for the benefits of the Company's business. In addition, they must be qualified and suitable in compliance with the Board's composition and structure and in

accordance to the Company's business strategies. The process of nomination of directors is transparent and creates confidence among shareholders. The Board of Directors, thus, appoints the Nomination and Remuneration Committee to consider qualifications of suitable candidates in order to present to the Board of Directors' meetings and/or the shareholders' meetings.

## Remuneration of Directors

The Nomination and Remuneration Committee, appointed by the Board of Directors, will consider and present its views to the Board of Directors and shareholders in regards to the direction and criteria of the remuneration of directors. The policy and criteria of the remuneration of directors are as follow:

1. The Company's performance and business size in consideration comparing to the director remuneration of other listed companies in the Stock Exchange of Thailand, operating in the similar type and size of the business
2. Experience, role, duties and responsibilities of each director
3. Benefits expected to obtain from each director
4. The remuneration must be attractive to the qualified candidates suitable to the need and circumstances of the Company to become the Company's directors or executives.

### Remuneration Policy for the Directors

The Company has defined the remuneration policy of the directors, consisting of a monthly fee, an attendance fee and an annual reward (bonus), taking into consideration the suitability, tasks, duties and assigned responsibilities. The remuneration of directors must be competitive to other listed companies in the Stock Exchange of Thailand, operating in the similar type and size of the business. In addition, it must be sufficiently suitable to retain and attract the directors to efficiently perform their duties for the Company to achieve its business goal. The remuneration process must be transparent, enabling to create trust among shareholders in defining the remuneration. The Company appoints the Nomination and Remuneration Committee to consider and present the suitable amount of remuneration to the Board of Directors to obtain prior consent before presenting to the shareholders' meetings for approval.

### Remuneration Policy for the Managing Director

Compensation paid to the Managing Director is corresponded to his individual performance and overall business performance. Managing Director shall conduct a self-evaluation and present it to the Nomination and Remuneration Committee to consider. The Nomination and Remuneration Committee shall then consider the remuneration and present to the Board of Directors for approval.

### Term of Director

At every AGM, one-third of the Board, or if the number is not a multiple of three, the number nearest to one-third, shall retire from office. Directors who must retire in the first and second year after the Company's registration must be randomly chosen by drawing lots. For the following years, length of service on the Board should be considered, so that those who have served the longest are most eligible to retire. A retiring director is eligible for re-election, which must gain approval from the shareholders' meeting. In the case that directors retire due to any reasons other than term expiry, the Board must select a qualified candidate to replace the vacancy. The new director shall be in the term of office during the remaining term of the director who has been replaced.

### Duties and Responsibilities of the Board

The Board of Directors is responsible for overseeing the Company's operation to ensure compliance with laws, objectives, the Articles of Association as well as resolutions of shareholders' meetings, taking into account the interests of the Company and shareholders. The Board shall determine the Company's policies, business goal, business plans, risk management policy and annual budget. Furthermore, it shall govern the operation of the executives to be in line with the defined policies, plans and budget with efficiency and effectiveness, for the maximum benefits of the Company and shareholders.

### Independent Director

The qualifications of an independent director are as per the definition of the Notification of the Capital Market Supervisory Board as follows.

1. Holding shares not exceeding one per cent of the total number of shares with voting rights of the Company, its subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the appointment. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment;

5. Neither being nor used to be an auditor of the Company, its subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the appointment;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company; and
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

#### Shareholding Structure of Directors in PM Thoresen Asia Holdings Public Company Limited

No.	Name	Number of Shares		Change during the year
		31 Dec. 2018	31 Dec. 2017	
1.	Mr. Chalermchai Mahagitsiri	8,611,505	7,961,505	+650,000 shares
2.	Mrs. Suvimol Mahagitsiri	563,321	563,321	-
	Spouse and children under legal age	102,585	102,585	-
3.	Pol. Lt. Gen. Prakard Satamarn	-	-	-
4.	Assoc. Prof. Dr. Sathit Parniangtong	-	-	-
5.	Mr. Somporn Chitphentom	-	-	-
6.	Mr. Rapee Moungnont	-	-	-
7.	Mr. Jitender Pal Verma	-	-	-
8.	Mr. Sigmund Stromme	48,300	20,000	+28,300 shares

#### The Audit Committee

The Audit Committee is composed of at least three (3) independent directors and at least one (1) member of the Audit Committee must gain knowledge and experience in accounting sufficient to be able to audit the credibility of the Company's financial statement. As of 31 December 2018, the Audit Committee comprises as follow:

No.	Name	Position
1	Pol. Lt. Gen. Prakard Satamarn	Chairman of Audit Committee
2	Assoc. Prof. Dr. Sathit Parniangtong	Member of the Audit Committee
3	Mr. Rapee Moungnont	Member of the Audit Committee

Mr. Pornthep Lertvoratham, Chief Financial Officer is the secretary to the Audit Committee.

#### Duties and Responsibilities of the Audit Committee

The Audit Committee has an authority, duties and main responsibilities in auditing the Company to ensure the correct and sufficient financial reporting and overseeing the Company to implement suitable and efficient internal control system and internal audit system.

#### The Nomination and Remuneration Committee

Chairman of the Nomination and Remuneration Committee is an independent director. The Nomination and Remuneration Committee comprises of five (5) members. As of 31 December 2018, the Nomination and Remuneration Committee comprises as follow:

No.	Name	Position
1	Assoc. Prof. Dr. Sathit Parniangtong	Chairman of Nomination and Remuneration Committee
2	Pol. Lt. Gen. Prakard Satamarn	Member of Nomination and Remuneration Committee
3	Mr. Somporn Chitphentom	Member of Nomination and Remuneration Committee
4	Mr. Jitender Pal Verma	Member of Nomination and Remuneration Committee
5	Mr. Sigmund Stromme	Member of Nomination and Remuneration Committee

Ms. Pemiga Chuangcham, Company Secretary is the secretary to the Nomination and Remuneration Committee.

### Duties and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has an authority, duties and responsibilities in considering the remuneration and benefits for the Company's directors to present to the Board's meeting and/or shareholders' meetings to consider and approve such remuneration and benefits, determine the remuneration and benefits as well as consider and nominate the qualified candidates to the Board of Directors and/or shareholders to appoint as directors.

### The Risk Management Committee

Chairman of the Risk Management Committee is an independent director and the committee comprises of four (4) members. As of 31 December 2018, the Nomination and Remuneration Committee comprises as follow:

No.	Name	Position
1	Assoc. Prof. Dr. Sathit Parniangtong	Chairman of Risk Management Committee
2	Mr. Chalermchai Mahagitsiri	Member of Risk Management Committee
3	Mr. Jitender Pal Verma	Member of Risk Management Committee
4	Mr. Sigmund Stromme	Member of Risk Management Committee

Mr. Pornthep Lertvorratham, Chief Financial Officer is the secretary to the Audit Committee.

### Duties and Responsibilities of the Risk Management Committee

The Risk Management Committee has an authority, duties and responsibilities in providing an independent oversight on the risk exposures faced by the Company, the Risk Management Committee assists the Board where the Committee oversees the implementation of the Company's risk management, including establishing risk appetite, as well as the management implementation of appropriate systems to ensure that risks are effectively identified, measured, monitored and controlled. These significant risks are reviewed and discussed at the Risk Management Committee quarterly meetings, where risks are prioritized and depending on the probability and severity of the risk, escalated as appropriate, and ensured that appropriate mitigation plans are in place and implemented.

### The Executive Committee

The Executive Committee shall determine the business direction and strategies to be aligned with the business goal set by the Board of Directors. To ensure the flow of the Company's operation with excellent result, the Executive Committee comprises of four (4) members. As of 31 December 2018, the Executive Committee comprises as follow:

No.	Name	Position
1.	Mr. Chalermchai Mahagitsiri	Chairman of Executive Committee
2.	Mr. Somporn Chitphentom	Member of Executive Committee
3.	Mr. Jitender Pal Verma	Member of Executive Committee
4.	Mr. Sigmund Stromme	Member of Executive Committee

Ms. Pemiga Chuangcham, Company Secretary is the secretary to the Nomination and Remuneration Committee.

### Board Meeting

The Company has defined the Board meeting criteria as follow:

1. The Board meetings are scheduled in advance and extra meetings may be called upon necessity and suitability. Notice of the meetings shall be delivered no later than seven (7) days, except in some urgent cases when rights and benefits of the Company must be urgently protected. The quorum of a Board Meeting requires no less than a half of the total number of directors on the Board.
2. Agenda of the Board meetings shall be specified before the meetings take place. Chairman of the Board shall consider the matters to be incorporated into the meeting agenda. The Company Secretary will deliver the meeting documents to the directors in advance, allowing sufficient time to review the matters on which opinions and votes must be cast.
3. Sufficient time shall be allocated to allow the management to present the information for discussion and the Board to discuss on significant matters, while promoting each director to express one's views before opinions from the meeting shall be summarized.
4. In considering the meeting agenda, directors having conflicts of interest on the matters of discussion shall abstain from voting. In considering the connected transactions, directors having conflicts of interest on the matters shall not be present at the meeting during the discussion of such agenda.
5. The Company shall promote all directors to attend at least 75% of all Board meetings held during the year.
6. In every meeting, the minute of meeting shall be recorded in written form and the approved version of the minute of meeting shall be filed as to enable the directors and relevant parties to review.

## Attendance of the Board of Directors and Sub-Committee meetings in 2018

No.	Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee
1.	Mr. Chalermchai Mahagitsiri	4/6	-	-	-/3	1/1
2.	Mrs. Suvimol Mahagitsiri	6/6	-	-	-	-
3.	Pol. Lt. Gen. Prakard Satamarn	5/6	5/6	3/3	-	-
4.	Assoc. Prof. Dr. Sathit Parniangtong	6/6	6/6	3/3	3/3	-
5.	Mr. Somporn Chitphentom	5/6	-	2/3	-	1/1
6.	Mr. Rapee Moungnont	6/6	6/6	-	-	-
7.	Mr. Jitender Pal Verma	5/6	-	3/3	3/3	-
8.	Mr. Sigmund Stromme	6/6	-	3/3	3/3	1/1

### Governing the Business of its Subsidiary Company

The Board of Directors shall oversee the Company to have a mechanism to govern a subsidiary of its core business. Suitable candidates shall be nominated or appointed to be directors or executives of a subsidiary, at least at the proportion of shareholding in such subsidiary. According to the regulations and compliance, nomination and appointment of such person must gain approval from the Board's meeting. Hereby, in calculating the number of directors or executives according to the proportion of shareholding, if decimal numbers occur, such decimal numbers shall be disregards.

### Company Secretary

In the Board's meeting No. 4/2014 on 6 January 2014 appointed Ms. Pemiga Chuangcham as the Company Secretary to be in charge of matters related to the Board's meetings and shareholders' meetings and to provide support on Corporate Governance practices. She also serves as the secretary to the Nomination and Remuneration Committee, facilitates the Board's activities and provides coordination to ensure the implementation compliant to the resolutions of the Board as follow:

- To provide advice pertaining to the Company's regulations and Articles of Association, to monitor new laws and regulations on a regular basis, and to report any significant changes to the Board;
- To arrange meetings of shareholders and the Board in accordance with applicable laws and regulations and the Company's Articles of Association;
- To prepare minutes of shareholders and Board meetings and to monitor execution of such resolutions on a regular basis;
- To ensure that all public information disclosure is in accordance with laws and the SET's and SEC's regulations;
- To facilitate the Board's activities, including director orientation; and
- To file and keep records of the Company's key documents, such as directors' registration, notice of the Board meetings, minutes of the Board meetings, annual reports, notice to shareholders' meetings and the minutes of the meetings, and reports on directors' and management's interest.

### Detail of the Company's secretary

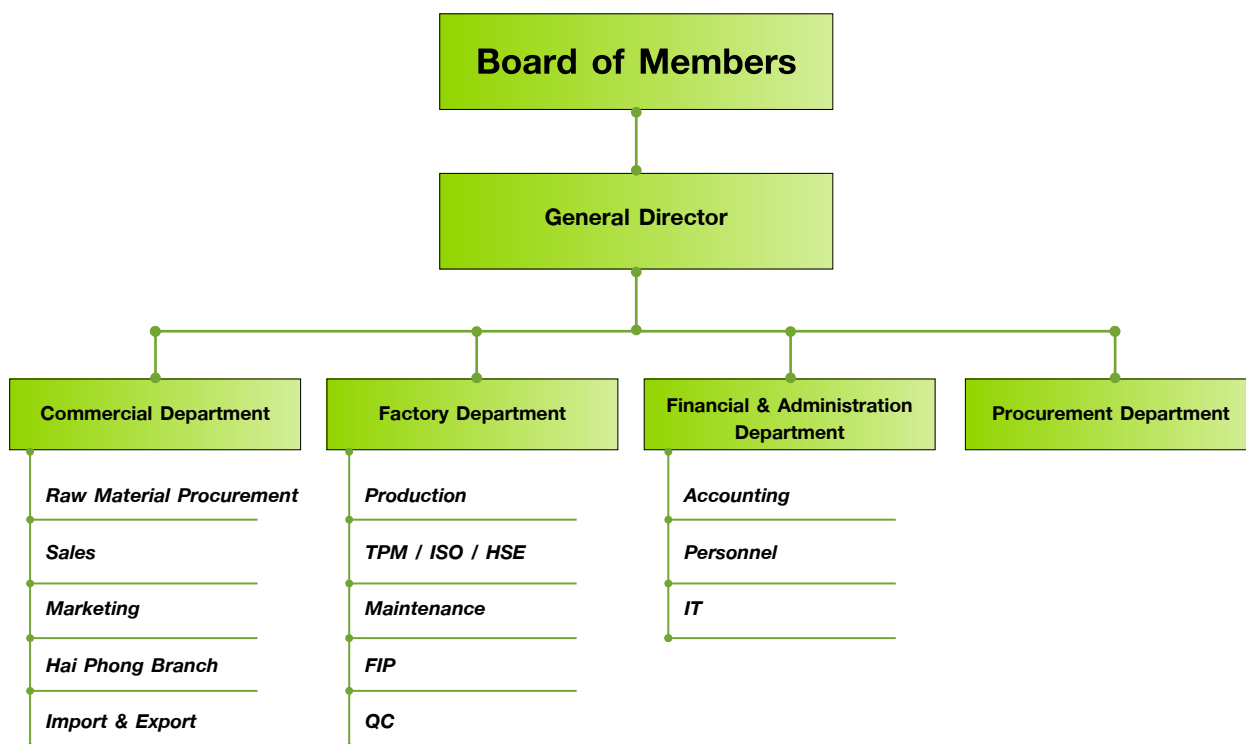
Name	Shareholding in PMTA as of 31 December 2018	Education/Training	Professional Experiences	
			Period	Company
Ms. Pemiga Chuangcham (33 years)	none	- Master degree in Business Administration, Chulalongkorn University	2014 - present	Company Secretary, PM Thoresen Asia Holdings Public Company Limited Compliance officer,
		- Bachelor of Arts (Economics), International Program, Thammasat University		
		- Certification business law program, Thammasat University	2007 - 2013	Compliance Officer Ratchaburi Electricity Generating Holding Public Company Limited
		- Company Secretary Program (CSP) class 54/2013 Thai Institutions of Directors		
		- Advances for Corporate Secretaries class 29/2014, Thai Company Secretary Club		

### The Board of Directors of the Subsidiaries

The Company is a holding company with two (2) wholly-owned subsidiaries that the Company holds 100% stakes namely Baconco Company Limited and PM Thoresen Asia (Singapore) Pte. Ltd.

#### Baconco Company Limited

##### Organization Structure (as of 31 December 2018)



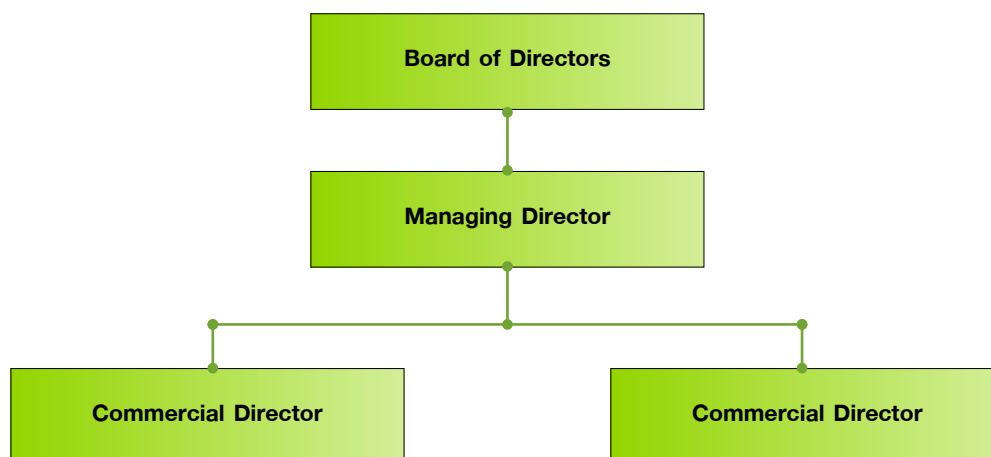
**Remark** TPM is an abbreviation of Total Productivity Maintenance  
HSE is an abbreviation of Health and Safety  
FIP is an abbreviation of Finished Product

#### Board of Member and Managements

	Name	Position
1.	Mr. Sigmund Stromme	Chairman
2.	Mr. Chalermchai Mahagitsiri	Director
3.	Mr. Jitender Pal Verma	Director
4.	Mr. Pierre Siquet	General Director
5.	Mr. Antoine Sauvage	Deputy General Director and Commercial Director
6.	Mr. Ho Ngoc Chau	Financial and Administrative Director
7.	Mr. Nguyen Dang Cat	Plant Manager
8.	Mr. Ngo Xuan Giang	Hai Phong Office Manager

PM Thoresen Asia (Singapore) Pte. Ltd.

Organization Structure (as of 31 December 2018)



#### Board of Directors and Managements

	Name	Position
1.	Mr. Chalermchai Mahagitsiri	Director
2.	Mr. Sigmund Stromme	Director and Managing Director
3.	Mr. Lee Wai Hsiung	Director
4.	Mr. Pierre Siquet	Commercial Director
5.	Mr. Antoine Sauvage	Commercial Director



## Remuneration of Directors and Executives in 2018

### PM Thoresen Asia Holdings Public Company Limited

The 2018 Annual General Meeting of the Shareholders held on 23 April 2018 has approved the amount of remuneration for the directors and sub-committees in year 2018 not exceeding Baht 5 (five) million and approved to authorize the Board of Directors to determine the allocation of remuneration to directors and members of sub-committee as deemed appropriate. The Board of Directors has approved the remunerations for the Board and sub-committee per detail below.

Type of Remuneration	Rate
1. Board of Directors	<p>Monthly remuneration</p> <ul style="list-style-type: none"> <li>• Chairman Baht 38,500 per month</li> <li>• Director Baht 16,800 per month</li> </ul> <p>Meeting attendance</p> <ul style="list-style-type: none"> <li>• Chairman Baht 16,100 per meeting</li> <li>• Director Baht 14,000 per meeting</li> </ul>
2. Audit Committee	<p>Meeting attendance</p> <ul style="list-style-type: none"> <li>• Chairman Baht 21,000 per meeting</li> <li>• Member Baht 17,500 per meeting</li> </ul>
3. Nomination and Remuneration Committee	<p>Meeting attendance</p> <ul style="list-style-type: none"> <li>• Chairman Baht 12,600 per meeting</li> <li>• Member Baht 10,500 per meeting</li> </ul>
4. Risk Management Committee	<p>Meeting attendance</p> <ul style="list-style-type: none"> <li>• Chairman Baht 12,600 per meeting</li> <li>• Member Baht 10,500 per meeting</li> </ul>
5. Executive Committee	<p>Meeting attendance</p> <ul style="list-style-type: none"> <li>• Chairman Baht 21,000 per meeting</li> <li>• Member Baht 17,500 per meeting</li> </ul>
6. Bonus	<p>A bonus for all non-executive directors shall be paid at a rate of not exceeding 1 percent of the consolidated net profit of the Company (after deducting unrealized gains/losses). The Board of Directors will fix the appropriate amount of the bonus to be payable to the directors.</p>

## Directors' remuneration in 2018

Name	Board of Directors		Remuneration for sub-committee meeting attendance					Bonus	Total
	Monthly fee	Meeting attendance	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee			
1. Mr. Chalermchai Mahagitsiri <sup>/1</sup>	-	-	-	-	-	-	-	-	
2. Mrs. Suvimol Mahagitsiri	201,600	84,000	-	-	-	-	77,500	363,100	
3. Pol. Lt. Gen. Prakard Satamarn	201,600	70,000	105,000	31,500	-	-	77,500	485,600	
4. Assoc. Prof. Dr. Sathit Parniangtong	201,600	84,000	105,000	37,800	37,800	-	77,500	543,700	
5. Mr. Somporn Chitphentom	201,600	70,000	-	21,000	-	17,500	77,500	387,600	
6. Mr. Rapee Moungnont	201,600	84,000	105,000	-	-	-	77,500	468,100	
7. Mr. Jitender Pal Verma <sup>/2</sup>	-	-	-	-	-	-	-	-	
8. Mr. Sigmund Stromme <sup>/3</sup>	-	-	-	-	-	-	-	-	

Note <sup>/1 /2 /3</sup> The representative directors of Thoresen Thai Agencies Public Company Limited do not receive the remuneration.

## Remuneration for Executives

As of 31 December 2018, the Company has total number of executives of 3 persons and the total remuneration of the executives was Baht 5,357,661 which is divided into salary and bonus at Baht 5,059,409 and the contribution to the provident fund at Baht 298,252.

## Remuneration of employees

As of 31 December 2018, the Company has total number of employees at 5 persons. Apart from three (3) executives, that are Managing Director, Chief Finance Officer and Manager, Accounting and Finance, the Company has two (2) employees. The total remuneration of employees was Baht 1,867,547 which is divided into salary and bonus at Baht 1,739,677 and the contribution to the provident fund at Baht 127,870.

## Remuneration of Directors and Executives of the Subsidiaries

### Baconco Co., Ltd.

1. No monetary remuneration is paid to the directors of Baconco Co., Ltd.
2. Remuneration for the executives including salary and bonus was Baht 11.9 million in total.

### PM Thoresen Asia (Singapore) Pte. Ltd.

1. No monetary remuneration is paid to the directors of PM Thoresen Asia (Singapore) Pte. Ltd.
2. Remuneration for the executives including salary and bonus is accounted for Baht 26.9 million in total.

# Shareholding Structure

The top 20 shareholders as of the record date on 14 March 2019.

No.	Shareholders	Number of shares	%
1.	Thoresen Thai Agencies Public Company Limited	69,338,498	68.52
2.	Mr. Chalermchai Mahagitsiri <sup>1/</sup>	8,611,505	8.51
3.	Ms. Ausana Mahagitsiri	1,532,231	1.51
4.	Mr. Sophon Wiseranee	1,100,000	1.09
5.	Mr. Samreng Manunphon	1,000,000	0.99
6.	Mr. Taratorn Wongprasart	650,000	0.64
7.	Ms. Kuncharos Ngamsupasil	650,000	0.64
8.	Ms. Anongporn Chitsamreng	650,000	0.64
9.	Mr. Somchai Vasupongsortorn	650,000	0.64
10.	Mr. Wuttipong Wongpattarakul	650,000	0.64
11.	Mr. Chaiyos Khemassathien	650,000	0.64
12.	Mrs. Wansiri Dangprasert	650,000	0.64
13.	Mr. Chanchai Kissaneepaiboon	650,000	0.64
14.	Mr. Chatri Bunnag	650,000	0.64
15.	Mr. Patkorn Wongsawan	650,000	0.64
16.	Mr. Piya Kittitheerapornchai	613,700	0.61
17.	Mr. Pisit Sottipanchai	570,000	0.56
18.	Mrs. Suvimol Mahagitsiri	563,321	0.56
19.	Mr. Nattapol Boonrit	553,000	0.55
20.	Mr. Nipat Phutragul	442,717	0.44
<b>Total number of share held by top 20 shareholders</b>		<b>90,824,972</b>	<b>89.75</b>
Other shareholders		10,375,028	10.25
<b>Total fully-paid up capital</b>		<b>101,200,000</b>	<b>100.00</b>

Note: <sup>1/</sup> Mr. Chalermchai Mahagitsiri has 650,000 shares held under a custodian account, representing 0.64% of total number of shares.

## Share Distribution

The share distribution as of the record date on 14 March 2019.

Share distribution by			
Nationality	Number of shareholders	Number of shares	%
Thai	2,410	100,321,968	99.13
Foreign	15	878,032	0.87
Total of shareholders	2,425	101,200,000	100.00

# Company Investments

Investments in other companies exceeding 10% of other companies' shares as of 31 December 2018 are as follows.

No.	Name of company	Type of share	No. of issued shares	No. of invested shares	% of holding	Par value
1	Baconco Company Limited Petroland Tower (17 <sup>th</sup> Floor) 12 Tan Trao Street, Tan Phu Ward District 7, Ho Chi Minh City	Charter capital is VND 377,072,638,790			100	-
2	PM Thoresen Asia (Singapore) Pte. Ltd. 3 Church Street #22-06 Samsung Hub Singapore (049483)	Ordinary	40,000	40,000	100	SGD 1

# Corporate Information

<b>Name of Company</b>	: PM Thoresen Asia Holdings Public Company Limited
<b>Registration Number</b>	: 0107557000021
<b>Date of Incorporation</b>	: 7 June 2013
<b>Date of Conversion to Public Company Limited</b>	: 4 February 2014
<b>Type of Business</b>	: A holding company that invests 100 percent in registered and paid up capital of Baconco, a company that operate the agrochemical and factory management service in Vietnam. Also, the Company owns 100 percent of PM Thoresen Asia (Singapore) Pte. Ltd. (“PMTS”) that was incorporated to handle the raw material procurement to support Baconco’s agrochemical business.
<b>Office Address</b>	: 26/26-27 Orakarn Building, 8 <sup>th</sup> Floor, Soi Chidlom, Ploenchit Road, Bangkok 10330 Telephone: + 66 (0) 2250-0569 Facsimile: + 66 (0) 2657-1040 Website : <a href="http://www.pmthoresenasia.com">http://www.pmthoresenasia.com</a>
<b>Registered Capital</b>	: Baht 1,012,000,000
<b>Paid-up Capital</b>	: Baht 1,012,000,000
<b>Number of Issued Shares</b>	: 101,200,000 shares
<b>Par Value</b>	: Baht 10

## Reference Persons

### Regulator

: Securities and Exchange Commission, Thailand  
333/3 Viphavadi Rangsit Road, Chomphon, Chatuchak,  
Bangkok 10900  
Telephone: +66 (0) 2695-9999  
Facsimile: +66 (0) 2695-9660  
Email: info@sec.or.th  
Website: <http://www.sec.or.th>

### Regulator

: The Stock Exchange of Thailand  
93 Ratchadaphisek Road, Dindaeng  
Bangkok 10400  
Telephone: +66 (0) 2009-9000  
Facsimile: +66 (0) 2009-9991  
SET Contact Center: +66 (0) 2009-9999  
Email: SETContactCenter@set.or.th  
Website: <http://www.set.or.th>

### Securities Registrar

: Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building  
93 14th Floor, Ratchadaphisek Road, Dindaeng  
Bangkok 10400  
Telephone: +66 (0) 2009-9000  
Facsimile: +66 (0) 2009-9991  
SET Contact center: +66 (0) 2009-9999  
Email: SETContactCenter@set.or.th  
Website: <http://www.set.or.th/tsd>

### Auditor

: Mr. Watchara Pattarapitak  
Certified Public Accountant Registration No. 6669  
KPMG Phoomchai Audit Ltd.  
195 South Sathorn Road  
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**PMTA**  
**PMThoresenAsia**

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