

# **Crown Seal Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2018**

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# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 21 February 2019.

### 1 General information

Crown Seal Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 5 Soi Rangsit - Nakhon Nayok 46, Tambon Prachatipat, Amphur Thanyaburi, Pathum Thani.

The Company was listed on the Stock Exchange of Thailand in December 1977.

The Company’s major shareholders during the financial year were Nippon Closures Co., Ltd. (36.68% shareholding) and Toyo Seikan Co., Ltd. (10.15% shareholding). Both were incorporated in Japan.

The principal activities of the Company are engaged in the manufacturing and sales of caps for bottles and the hire of printing sheets for can.

### 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 Company’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 Company has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 28.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale investment	Fair value
Investment property	Fair value
Property, plant and equipment	Revaluation to fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (m)

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*(c) Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

*(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 the 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.

*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 the following notes:

Note 6      Impairment test: key assumptions underlying recoverable amounts; and  
Note 13     Measurement of defined benefit obligations: key actuarial assumption

*Measurement of fair values*

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

The Company 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 Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market 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.

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## Notes to financial statements

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Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 9 – investment properties;
- Note 10 – property plant and equipment; and
- Note 25 – 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) Foreign currencies

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currencies of 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 currency differences are generally recognized in profit or loss.

#### (b) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Company has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward exchange contracts term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on foreign currency monetary transactions being hedged.

#### (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 accounts receivable

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

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

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## **Notes to financial statements**

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### **(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 includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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**

#### *Investments in equity securities*

Marketable equity securities, other than those securities held for trading, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency difference on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

#### *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 Company 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) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

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## Notes to financial statements

For the year ended 31 December 2018

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, the amounts included in the revaluation reserve (see Note 3(h)) are transferred to retained earnings.

### **(h) Property, plant and equipment**

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

##### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

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*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, 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 Company, 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 property, 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 property, plant and equipment. The estimated useful lives are as follows:

Building and building improvements	3 - 20 years
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

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

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

**(i) Intangible assets**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated 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, including expenditure on internally generated goodwill and brands, 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.

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Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, 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: □

Software licences	3 and 5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (j) *Impairment*

The carrying amounts of the Company'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.

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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

#### *Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's 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*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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.

### (k) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.



# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

**(l) Deferred income**

Deferred income is recognised in profit or loss on a straight-line basis over the term of the lease.

**(m) 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 annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income. 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 recognized 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.

*Other long-term employee benefits*

The Company'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 recognized 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 Company 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.

**(n) Provisions**

A provision is recognised if, as a result of a past event, the Company 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.

# **Crown Seal Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2018**

**(o) *Share capital***

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

*Preference share capital*

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

**(p) *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. Revenue from rendering of services is recognised as services are provided.

*Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

*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.

**(q) *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.

**(r) *Income tax***

Income tax expense for the year comprises current and deferred tax. Current and deferred tax 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.

# Crown Seal Public Company Limited

## Notes to financial statements

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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 and joint ventures 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 Company 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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 investments in the Company. 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.

### **(s) *Earnings per share***

The Company presents basic and diluted 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 and preferred shares outstanding during the period, adjusted for own shares held.

### **(t) *Segment reporting***

Segment results that are reported to the Group's CEO (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 interest incomes, certain items of other incomes and administrative expense.

# Crown Seal Public Company Limited

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### 4 Related parties

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

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>
Key management personnel	Thai and Japanese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Nippon Closures Co., Ltd.	Japan	Major shareholder and common directors
Toyo Seikan Co., Ltd.	Japan	Major shareholder and common directors
Boonrawd Brewery Group	Thailand	Shareholder and common directors
Serm Suk Public Company Limited	Thailand	Shareholder and common directors
Thai Namthip Co., Ltd.	Thailand	Shareholder and common directors
Bangkok Can Manufacturing Co., Ltd.	Thailand	Common shareholder and directors
PT Indonesia Caps and Closures	Indonesia	Common shareholder and directors
Toyo Seikan (Thailand) Co., Ltd.	Thailand	Common shareholder and directors
Next Can Innovation Co., Ltd.	Thailand	Common shareholder and directors
Toyo Filling International Co., Ltd.	Thailand	Common shareholder
Kanagata (Thailand) Co., Ltd.	Thailand	Common shareholder
Tokan Trading Corporation	Japan	Common shareholder

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

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods	Cost plus margin and market price
Rendering of services	Cost plus margin and contractually agreed price
Rental income	Contractually agreed price
Management income	Contractually agreed price
Sales of raw materials and spare parts	Market price
Dividend income	As declared
Purchase of raw materials and spare parts	Cost plus margin
Purchase of equipment	Cost plus margin
Royalty expense	A percentage of net sales of each product
Claim payment for damaged goods	At cost
Dividend paid	As declared and approved by the shareholders

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
	<i>(in thousand Baht)</i>		
<b>Key management personnel</b>			
Key management personnel compensation			
Short-term employee benefits	20,845	21,761	20,845
Post-employment benefits	289	279	289
Total key management personnel compensation	<u>21,134</u>	<u>22,040</u>	<u>21,134</u>
<b>Other related parties</b>			
Sales of goods	637,205	686,424	637,205
Rendering of services	176,886	151,314	176,886
Rental income	2,921	2,261	2,921
Management income	10,519	11,084	10,519
Sales of raw materials and spare parts	1,185	208	1,185
Purchase of raw materials and spare parts	11,229	19,614	11,229
Purchase of equipment	19,510	18,971	19,510
Royalty expense	17,911	15,025	17,911
Claim payment for damaged goods	942	7,307	942
Dividend paid	85,868	51,984	85,868

Balances as at 31 December with related parties were as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
<b>Trade accounts receivable - related parties</b>		
Other related parties	<u>121,310</u>	<u>84,480</u>
<b>Other accounts receivable - related parties</b>		
Other related parties	<u>6,630</u>	<u>6,282</u>
<b>Trade accounts payable - related parties</b>		
Other related parties	<u>5,978</u>	<u>5,640</u>
<b>Other accounts payable - related parties</b>		
Other related parties	<u>7,626</u>	<u>8,470</u>
<b>Deferred rental income - related party</b>		
Other related party:		
Bangkok Can Manufacturing Co., Ltd.		
- current	993	993
- non-current	11,415	12,408
<b>Total</b>	<u>12,408</u>	<u>13,401</u>

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*Significant agreements with related parties*

*Land lease agreements*

On 29 June 2001, the Company entered into two land lease agreements with a related party, Bangkok Can Manufacturing Co., Ltd. The Company received rental income in advance totalling of Baht 29.8 million which recorded as deferred income in the statement of financial position and recognised as income by a straight-line basis over 30 years according to the term of the agreements. The agreements became effective since 2 July 2001.

*Service rental agreements*

On 15 May 2016, the Company entered into the service rental agreements with related parties, Bangkok Can Manufacturing Co., Ltd., Next Can Innovation Co., Ltd., Toyo Filling International Co., Ltd. and Toyo Seikan (Thailand) Co., Ltd. whereby the Company provided the rental of server and storage machine including monitoring, managing and backing up services for a period of 4 years ending in May 2020, with service income totalling of Baht 3.4 million.

*Service agreement*

On 15 December 2017, the Company entered into the service agreements with related parties, Bangkok Can Manufacturing Co., Ltd., Next Can Innovation Co., Ltd., Toyo Filling International Co., Ltd. and Toyo Seikan (Thailand) Co., Ltd. whereby the Company installed and provided administrative services for computer software and hardware and personnel system for a period of 1 year commencing from 1 January 2018, with annual service income of Baht 9.4 million.

*Sale of assets and service of generating the electricity agreement*

On 28 December 1996, the Company entered into the sale of assets and service of generating the electricity agreement with a related party, Bangkok Can Manufacturing Co., Ltd. whereby the Company provided the asset management, electricity and by-product without term of service was specified in the agreement.

*Technical license agreement*

On 1 January 2018, the Company entered into the technical license agreement with a major shareholder, Nippon Closures Co., Ltd., whereby the Company received the technical support for the manufacture of caps for a period of 5 years ending in December 2022. Under the term of agreement, the Company is committed to pay royalty fee and others fee at the amount calculated as specified in the agreement.

**5 Cash and cash equivalents**

	Interest rate (% per annum)		2018 (in thousand Baht)	2017
Cash on hand	-	-	182	232
Cash at banks – current accounts	0.10	0.10	2	2
Cash at banks – savings accounts	0.04 - 1.15	0.04 - 1.00	294,143	308,595
Fixed deposit at financial institutions	0.80 - 1.00	0.80 - 1.25	180	311,822
<b>Total</b>			<b>294,507</b>	<b>620,651</b>

As at 31 December 2018, the Company had unutilised bank overdrafts and credit facilities totalling Baht 175 million (2017: Baht 175 million). Aforesaid credit facilities are unsecured.

**Crown Seal Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2018**

**6 Other investments**

	Interest rate (% per annum)		2018 (in thousand Baht)	2017
<b><i>Current investment</i></b>				
Short-term deposits at financial institutions	1.15 - 1.45	1.25 - 1.45	<u>710,641</u>	<u>430,241</u>
<b><i>Other long-term investments</i></b>				
Equity securities available for sale			273	273
Other non-marketable equity securities			<u>17,773</u>	<u>47,404</u>
			<b><u>18,046</u></b>	<b><u>47,677</u></b>
<b>Total</b>			<b><u>728,687</u></b>	<b><u>477,918</u></b>

**Crown Seal Public Company Limited**  
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Other non-marketable equity securities as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended were as follows:

Companies	Nature of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		( <i>%</i> )						( <i>in thousand Baht</i> )					
PT Indonesia Cap and Closures	Produce and distribute packaging caps for beverages	12.08	12.08	IDR 135,148	IDR 135,148	37,381	37,381	(29,631)	-	7,750	37,381	-	-
Bangkok Can Manufacturing Co., Ltd.	Manufacturing and selling of can	1.61	1.61	THB 1,800,000	THB 1,800,000	9,493	9,493	-	-	9,493	9,493	523	-
Muang-Ake Golf Co., Ltd.	Service	0.08	0.08	THB 120,000	THB 120,000	180	180	-	-	180	180	-	-
Muang-Ake Vista Golf Course Co., Ltd.	Service	0.06	0.06	THB 80,000	THB 80,000	350	350	-	-	350	350	-	-
<b>Total</b>						<u>47,404</u>	<u>47,404</u>	<u>(29,631)</u>	<u>-</u>	<u>17,773</u>	<u>47,404</u>	<u>523</u>	<u>-</u>



# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

On 26 September 2017, PT Indonesia Caps and Closures registered additional ordinary shares of 61,500 shares, with a par value of IDR 1,135,700 per share, totalling IDR 69,845.6 million. The Company waived its right to purchase these ordinary shares because the operating results did not meet expectations; therefore, the Company's shareholding in such company decreased from 25.00% to 12.08%. In addition, the Company did not involve in or has any influence with regard to set up policy of this entity. Therefore, the status of investment was changed from investment in associate to other investment and the Company recognised the change in fair value of investment of Baht 6.5 million in the statement of income in which equity method is applied for the year ended 31 December 2017 as increase in fair value of investment. The Company has also adjusted the exchange differences on translating foreign operations amounting to Baht 4.6 million in other comprehensive income for the year ended 31 December 2017. As at 31 December 2017, the investment value under cost method decreased by Baht 9 million in separate statement of comprehensive income for the year ended 31 December 2017 and the fair value of retained interest of investment of Baht 37.4 million has been regarded as initial recognition of this long-term investment.

### *Impairment testing for other long-term investment*

PT Indonesia Caps and Closures experienced operating loss for many consecutive years which management believed these are indicators of impairment of the investment. The management prepared discounted cash flow projections ("DCF") to determine the value in use of investment. The key assumptions included budgeted EBITDA and discount rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. The discount rate of 8.87% was estimated based on the industry average weighted-average cost of capital. As the recoverable amount of the investment was less than its carrying amount, during the year ended 31 December 2018, the Company recognised an impairment loss on investment in PT Indonesia Caps and Closures of Baht 29.6 million in the statement of income.

## 7 Trade and other accounts receivable

	Note	2018 (in thousand Baht)	2017
<b>Trade accounts receivable</b>			
Related parties	4	121,310	84,480
Other parties		338,313	294,320
<b>Total</b>		<b>459,623</b>	<b>378,800</b>
<b>Other accounts receivable</b>			
<b>Related parties</b>	4	<b>6,630</b>	<b>6,282</b>
<b>Other parties</b>			
Receivable from claim from supplier		6,540	3,311
Receivable from sales of scrap		3,404	984
Advance to employee		1,951	2,042
Others		1,674	992
		<b>13,569</b>	<b>7,329</b>
<b>Total</b>		<b>20,199</b>	<b>13,611</b>
<b>Total trade and other accounts receivable</b>		<b>479,822</b>	<b>392,411</b>

**Crown Seal Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2018**

Aging analyses for trade accounts receivable were as follows:

	2018 <i>(in thousand Baht)</i>	2017
<b>Related parties</b>		
Within credit terms	83,172	57,695
Overdue:		
Less than 3 months	38,138	26,785
	<u>121,310</u>	<u>84,480</u>
<b>Other parties</b>		
Within credit terms	264,364	224,413
Overdue:		
Less than 3 months	73,949	69,907
	<u>338,313</u>	<u>294,320</u>
<b>Total</b>	<u>459,623</u>	<u>378,800</u>

The normal credit terms granted by the Company ranges from 15 days to 120 days.

**8 Inventories**

	2018	2018	2018	2017	2017	2017
	Cost	Write-down to net realisable value	Net	Cost	Write-down to net realisable value	Net
	<i>(in thousand Baht)</i>					
Finished goods	156,227	(11,846)	144,381	142,901	(21,384)	121,517
Work in progress	193,419	(11,169)	182,250	154,254	(8,529)	145,725
Raw materials	192,701	(3,975)	188,726	138,873	(4,128)	134,745
Spare parts	37,390	(1,570)	35,820	28,348	-	28,348
Goods in transit	28,736	-	28,736	7,625	-	7,625
<b>Total</b>	<u>608,473</u>	<u>(28,560)</u>	<u>579,913</u>	<u>472,001</u>	<u>(34,041)</u>	<u>437,960</u>

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 2017	
		<i>(in thousand Baht)</i>	
Inventories recognised as an expense in 'cost of sales of goods':			
- Cost	2,093,024	2,321,234	2,093,024
- Write-down to net realisable value	37,972	18,034	37,972
<b>Total</b>	<u>2,130,996</u>	<u>2,339,268</u>	<u>2,130,996</u>

# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

During 2018, inventories of Baht 54.3 million have been affected by the accidental damage in the factory. However, production at the plant was not stopped and still operates as usual. The Company has recognised the following items resulting from damage as an expense in administrative expenses.

	<i>(in thousand Baht)</i>
Loss on write-off of inventories	54,268
Other related expenses	538
Other income from sales of scrap	<u>(12,484)</u>
<b>Net</b>	<b><u>42,322</u></b>

Management is of the opinion that these losses are covered by insurance for inventories damage. However, claim negotiations with the insurers have not been finalised and, accordingly, insurance compensations in respect of these losses have not been recognised in the 2018 financial statements. During January 2019, the Company received interim payment from insurance claim Baht 10 million. These amounts were considered as contingent assets as at 31 December 2018 but were not recognised in the Company's results for the year ended 31 December 2018. Such final compensation will be recognised when the negotiations with the insurers have been finalised and it is established that the Company have an unconditional contractual right to receive final compensation.

## 9 Investment properties

	Land for rent	Allocated land and construction thereon <i>(in thousand Baht)</i>	Vacant land	Total
At 1 January 2017	172,000	158,400	143,600	474,000
Fair value adjustments	<u>-</u>	<u>(700)</u>	<u>-</u>	<u>(700)</u>
<b>At 31 December 2017 and 1 January 2018</b>	<b>172,000</b>	<b>157,700</b>	<b>143,600</b>	<b>473,300</b>
Fair value adjustments	68,100	42,400	82,500	193,000
<b>At 31 December 2018</b>	<b><u>240,100</u></b>	<b><u>200,100</u></b>	<b><u>226,100</u></b>	<b><u>666,300</u></b>

Fair value adjustments are unrealised gains which was recognised as other income in profit or loss.

Investment properties comprise a number of commercial properties that are leased to related party. Each of the leases contains an initial non-cancellable period of 30 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Total rental income in 2018 was Baht 1.4 million (2017: Baht 1.8 million).

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio on an annual basis.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

### *Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<i>Market comparison technique;</i> The valuation model considers the characteristic of land, compared to market prices of similar properties. The market value of land was analysed considering the relevant factors including zoning, surrounding environment, transportation facilities, size, shape and land features, and current use of land.	<ul style="list-style-type: none"><li>• Land price of neighbourhood areas</li></ul>	<ul style="list-style-type: none"><li>• The estimated fair value increase (decrease) if land price of neighbourhood areas were higher (lower)</li></ul>

**Crown Seal Public Company Limited**  
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**For the year ended 31 December 2018**

**10 Property, plant and equipment**

	Land	Building and building improvements	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost/ revaluation</b>							
At 1 January 2017	99,000	451,112	2,531,100	87,745	8,015	45,579	3,222,551
Additions	-	-	23,925	4,598	-	233,073	261,596
Transfers	-	1,294	51,311	1,897	-	(54,502)	-
Disposals/ written-off	-	(937)	(117,996)	(2,471)	-	-	(121,404)
Reclassification	-	-	34,828	-	-	17,227	52,055
<b>At 31 December 2017 and 1 January 2018</b>	<b>99,000</b>	<b>451,469</b>	<b>2,523,168</b>	<b>91,769</b>	<b>8,015</b>	<b>241,377</b>	<b>3,414,798</b>
Additions	-	-	28,687	4,508	-	234,096	267,291
Surplus on revaluation	43,800	-	-	-	-	-	43,800
Transfers	-	5,207	251,644	6,604	-	(263,455)	-
Transfer to intangible assets	-	-	-	-	-	(350)	(350)
Disposals/ written-off	-	(961)	(44,893)	(1,736)	(6)	(2,454)	(50,109)
<b>At 31 December 2018</b>	<b>142,800</b>	<b>455,715</b>	<b>2,758,606</b>	<b>101,145</b>	<b>7,950</b>	<b>209,214</b>	<b>3,675,430</b>
<b>Depreciation</b>							
At 1 January 2017	-	305,799	1,733,518	60,600	7,516	-	2,107,433
Depreciation charge for the year	-	13,720	133,623	11,714	115	-	159,172
Disposals/ written-off	-	(822)	(108,164)	(2,373)	-	-	(111,359)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>318,697</b>	<b>1,758,977</b>	<b>69,941</b>	<b>7,631</b>	<b>-</b>	<b>2,155,246</b>
Depreciation charge for the year	-	13,273	139,081	12,827	115	-	165,296
Disposals/ written-off	-	(954)	(37,152)	(1,516)	(65)	-	(39,687)
<b>At 31 December 2018</b>	<b>-</b>	<b>331,016</b>	<b>1,860,906</b>	<b>81,252</b>	<b>7,681</b>	<b>-</b>	<b>2,280,855</b>
<b>Net book value</b>							
<b>At 31 December 2017</b>	<b>99,000</b>	<b>132,772</b>	<b>764,191</b>	<b>21,828</b>	<b>384</b>	<b>241,377</b>	<b>1,259,552</b>
<b>At 31 December 2018</b>	<b>142,800</b>	<b>124,699</b>	<b>897,700</b>	<b>19,893</b>	<b>269</b>	<b>209,214</b>	<b>1,394,575</b>

**Crown Seal Public Company Limited**  
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The carrying amount of land had it been carried under the cost model amounted to Baht 63.3 million.

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 1,486 million (2017: Baht 1,422 million).

The Company shares the ownership of some building and machinery with Bangkok Can Manufacturing Co., Ltd. and records the building and machinery in proportion to its ownership. The carrying amount of the Company's portion as at 31 December 2018 was Baht 11 million (2017: Baht 12 million).

**Measurement of fair value**

*Fair value hierarchy*

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The effective date of the revaluation was on 28 November 2018.

The fair value measurement for land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<p><i>Market comparison technique;</i>            The valuation model considers the characteristic of land, compared to market prices of similar properties. The market value of land was analysed considering the relevant factors including zoning, surrounding environment, transportation facilities, size, shape and land features, and current use of land.</p>	<ul style="list-style-type: none"> <li>• Land price of neighbourhood areas</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value increase (decrease) if land price of neighbourhood areas were higher (lower)</li> </ul>

**Crown Seal Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2018**

**11 Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
Total	44,510	36,858	(112,153)	(63,149)
Set off of tax	(44,510)	(36,858)	44,510	36,858
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(67,643)</b>	<b>(26,291)</b>

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

	At 1 January 2018	(Charged) / Credited to:			At 31 December 2018
		Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Equity	
<b>Deferred tax assets</b>					
Inventories ( <i>allowance for decline in value</i> )	6,808	(1,096)	-	-	5,712
Provisions for employee benefit	25,582	241	-	-	25,823
Deferred rental income	2,482	(198)	-	-	2,284
Recoverable loss under insurance	-	8,464	-	-	8,464
Equipment ( <i>depreciation gap</i> )	1,986	241	-	-	2,227
<b>Total</b>	<b>36,858</b>	<b>7,652</b>	<b>-</b>	<b>-</b>	<b>44,510</b>
<b>Deferred tax liabilities</b>					
Equipment ( <i>depreciation gap</i> )	(31,039)	(1,643)	-	-	(32,682)
Property ( <i>revaluation surplus</i> )	(6,559)	-	-	(8,760)	(15,319)
Investment properties ( <i>revaluation surplus</i> )	(25,551)	(38,601)	-	-	(64,152)
<b>Total</b>	<b>(63,149)</b>	<b>(40,244)</b>	<b>-</b>	<b>(8,760)</b>	<b>(112,153)</b>
<b>Net</b>	<b>(26,291)</b>	<b>(32,592)</b>	<b>-</b>	<b>(8,760)</b>	<b>(67,643)</b>
	At 1 January 2017	(Charged) / Credited to:			At 31 December 2017
		Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Equity	
<b>Deferred tax assets</b>					
Inventories ( <i>allowance for decline in value</i> )	8,400	(1,592)	-	-	6,808
Provisions for employee benefit	21,792	1,378	2,412	-	25,582
Deferred rental income	2,680	(198)	-	-	2,482
Equipment ( <i>depreciation gap</i> )	1,804	182	-	-	1,986
<b>Total</b>	<b>34,676</b>	<b>(230)</b>	<b>2,412</b>	<b>-</b>	<b>36,858</b>
<b>Deferred tax liabilities</b>					
Equipment ( <i>depreciation gap</i> )	(29,396)	(1,643)	-	-	(31,039)
Property ( <i>revaluation surplus</i> )	(6,559)	-	-	-	(6,559)
Investment properties ( <i>revaluation surplus</i> )	(25,691)	140	-	-	(25,551)
<b>Total</b>	<b>(61,646)</b>	<b>(1,503)</b>	<b>-</b>	<b>-</b>	<b>(63,149)</b>
<b>Net</b>	<b>(26,970)</b>	<b>(1,733)</b>	<b>2,412</b>	<b>-</b>	<b>(26,291)</b>

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**12 Trade and other accounts payable**

	<i>Note</i>	2018	2017
		<i>(in thousand Baht)</i>	
<b><i>Trade accounts payable</i></b>			
Related parties	4	5,978	5,640
Other parties		393,654	266,151
<b>Total</b>		<b>399,632</b>	<b>271,791</b>
<b><i>Other accounts payable</i></b>			
<b>Related parties</b>	4	<b>7,626</b>	<b>8,470</b>
<b>Other parties</b>			
Other payables		60,411	38,451
Accrued expenses		39,422	35,950
		<b>99,833</b>	<b>74,401</b>
<b>Total</b>		<b>107,459</b>	<b>82,871</b>
<b>Total trade and other accounts payable</b>		<b>507,091</b>	<b>354,662</b>

**13 Non-current provisions for employee benefits**

	2018	2017
	<i>(in thousand Baht)</i>	
<b>Statement of financial position</b>		
<b>Non-current provisions for:</b>		
Defined contribution plans	47,846	48,941
Defined benefit plan	105,130	103,902
Other long-term employee benefits	23,987	24,010
<b>Total</b>	<b>176,963</b>	<b>176,853</b>
<b><i>Year ended 31 December</i></b>		
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit or loss:</b>		
Defined benefit plan	7,348	6,896
Other long-term employee benefits	1,704	7,062
	<b>9,052</b>	<b>13,858</b>
<b>Recognised in other comprehensive income:</b>		
Actuarial losses recognised in the year	-	12,061
Cumulative actuarial losses recognised	37,768	37,768

***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.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.



**Crown Seal Public Company Limited**  
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Movement in the present value of the defined benefit obligations.

	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	103,902	89,287
<b>Include in profit or loss:</b>		
Current service cost	4,852	4,368
Interest on obligation	2,496	2,528
	<u>7,348</u>	<u>6,896</u>
<b>Included in other comprehensive income</b>		
Actuarial loss	-	12,061
	<u>-</u>	<u>12,061</u>
<b>Other</b>		
Benefit paid	(6,120)	(4,342)
	<u>(6,120)</u>	<u>(4,342)</u>
<b>At 31 December</b>	<b><u>105,130</u></b>	<b><u>103,902</u></b>

Actuarial losses recognised in other comprehensive income arising from:

	2018	2017
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	763
Financial assumptions	-	1,527
Experience adjustment	-	9,771
<b>Total</b>	<u>-</u>	<u>12,061</u>

***Actuarial assumptions***

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

	2018	(%)	2017
Discount rate	2.75		2.75
Future salary growth	5.00		5.00
Employee turnover	9.00		9.00

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 5 years (2017: 6 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.

**Crown Seal Public Company Limited**  
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	Increase	Decrease
	<i>(in thousand Baht)</i>	
<b>At 31 December 2018</b>		
Discount rate (0.5% movement)	(2,849)	3,009
Future salary growth (1% movement)	8,011	(7,277)
<b>At 31 December 2017</b>		
Discount rate (0.5% movement)	(3,012)	3,184
Future salary growth (1% movement)	7,301	(6,648)

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.

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 recognised during that period is estimated to increase by an amount of approximately Baht 35 million.

#### 14 Share capital

	Par value per share <i>(in Baht)</i>	2018		2017	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- non-cumulative preferred shares	10	800	8,000	800	8,000
- ordinary shares	10	52,000	520,000	52,000	520,000
<b>At 31 December</b>					
- non-cumulative preferred shares		<b>799</b>	<b>7,993</b>	<b>800</b>	<b>8,000</b>
- ordinary shares		<b>52,001</b>	<b>520,007</b>	<b>52,000</b>	<b>520,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- non-cumulative preferred shares	10	800	8,000	800	8,000
- ordinary shares	10	52,000	520,000	52,000	520,000
<b>At 31 December</b>					
- non-cumulative preferred shares	10	<b>799</b>	<b>7,993</b>	<b>800</b>	<b>8,000</b>
- ordinary shares	10	<b>52,001</b>	<b>520,007</b>	<b>52,000</b>	<b>520,000</b>

The holders of preferred shares have the same rights as the holders of ordinary shares and are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. The holders of preferred shares are entitled to receive preferential dividend of 1.5 Baht per share every year that the Company paid to holders of the ordinary shares, and are entitled to one vote per share at the shareholders' meeting of the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

# Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

### *Issue of ordinary shares*

On 31 October 2018, the annual general meeting of shareholders approved the issue of 730 ordinary shares of the Company at an issue price of Baht 10 per share (2017: nil). The Company registered the aforesaid conversion shares with the Ministry of Commerce on 13 November 2018.

### *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.

## 15 Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 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*

#### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

#### **Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of property included in the financial statements at valuation until such property is sold or otherwise disposed of.

#### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

## 16 Segment information

The Company has two reportable segments, as described below, which are the Company'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 Company's reportable segments.

- *Segment 1*      Manufacture and sale of caps
- *Segment 2*      Hire of printing sheets for can

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 Company'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.

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*Information about reportable segments*

	<b>Financial statements in which the equity method is applied</b>		
	<b>Manufacture and sale of caps 2017</b>	<b>Hire of printing sheets for can 2017 <i>(in thousand Baht)</i></b>	<b>Total 2017</b>
External revenue	2,486,051	179,873	2,665,924
<b>Total segment revenue</b>	<b>2,486,051</b>	<b>179,873</b>	<b>2,665,924</b>
Segment profit before income tax	395,131	38,751	433,882
Unallocated amounts:			
Interest income			13,941
Gain on fair value adjustment			6,503
Other income			40,015
Administrative expense			(177,471)
Share of losses of investment in associate			(6,166)
<b>Profit before income tax</b>			<b>310,704</b>
Tax expense			(60,940)
<b>Profit for the year</b>			<b>249,764</b>

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	<b>Manufacture and sale of caps</b>		<b>Separate financial statements Hire of printing sheets for can</b>		<b>Total</b>	
	2018	2017	2018	2017	2018	2017
External revenue	<u>2,686,401</u>	<u>2,486,051</u>	<u>154,185</u>	<u>179,873</u>	<u>2,840,586</u>	<u>2,665,924</u>
<b>Total segment revenue</b>	<b><u>2,686,401</u></b>	<b><u>2,486,051</u></b>	<b><u>154,185</u></b>	<b><u>179,873</u></b>	<b><u>2,840,586</u></b>	<b><u>2,665,924</u></b>
Segment profit before income tax	379,587	395,131	31,239	38,751	410,826	433,882
Unallocated amounts:						
Interest income					12,498	13,941
Gain on fair value adjustment of investment properties					193,000	-
Other income					39,008	40,014
Write-off of inventories					(42,322)	-
Administrative expense					(170,933)	(177,471)
Impairment loss on others long-term investment					(29,631)	-
Impairment loss on investment in associate company					-	(8,961)
<b>Profit before income tax</b>					<b><u>412,446</u></b>	<b><u>301,405</u></b>
Tax expense					(82,252)	(60,940)
<b>Profit for the year</b>					<b><u>330,194</u></b>	<b><u>240,465</u></b>

***Geographical segments***

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries. No segment asset has been presented since the major items have been commonly used by the operating segments.

***Major customer***

Revenues from major customers of the Company's manufacture and sale of caps segment and hire of printing sheets for can segment represents approximately Baht 813.8 million (2017: Baht 844.1 million) of the Company's total revenues.

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**17 Other income**

	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
		<i>(in thousand Baht)</i>	
Sales of scrap	95,935	106,199	95,935
Interest income	13,941	12,498	13,941
Management income	10,518	11,084	10,518
Net gain on foreign exchange	1,399	2,686	1,399
Rental income	2,920	2,261	2,920
Others	25,177	22,978	25,177
<b>Total</b>	<b>149,890</b>	<b>157,706</b>	<b>149,890</b>

**18 Distribution costs**

	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
		<i>(in thousand Baht)</i>	
Export expenses	15,379	18,957	15,379
Claim from customers	1,541	15,876	1,541
Royalty expenses	17,911	15,025	17,911
Freight out	8,970	10,795	8,970
Marketing expenses	7,593	7,827	7,593
Rental expenses	5,072	5,330	5,072
Commission expenses	334	1,244	334
<b>Total</b>	<b>56,800</b>	<b>75,054</b>	<b>56,800</b>

**19 Administrative expenses**

		<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	<i>Note</i>	2017	2018	2017
			<i>(in thousand Baht)</i>	
Employee benefit expenses		115,819	112,732	115,819
Write-off of inventories	8	-	42,322	-
Service expenses		9,108	9,664	9,108
Idle capacity expenses		4,028	8,220	4,028
Transportation expenses		9,727	5,930	9,727
Depreciation and amortisation		5,868	5,781	5,868
Loss on disposal and write-off of assets		6,765	5,674	6,765
Utility expenses		3,963	3,711	3,963
Professional expenses		3,009	3,231	3,009
Others		19,184	15,990	19,184
<b>Total</b>		<b>177,471</b>	<b>213,255</b>	<b>177,471</b>

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**20 Employee benefit expenses**

	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
		<i>(in thousand Baht)</i>	
Wages and salaries	261,793	265,608	261,793
Overtime	89,738	101,294	89,738
Bonus	61,501	51,719	61,501
Welfare	20,248	20,303	20,248
Defined contribution plans	19,115	19,761	19,115
Defined benefit plans	6,896	7,348	6,896
Others	16,480	18,992	16,480
<b>Total</b>	<b>475,771</b>	<b>485,025</b>	<b>475,771</b>

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. For employee who joined the fund before 1 January 2003, the Company has to pay extra contributions when their length of service reaches 7 years and 10 years.

**21 Expenses by nature**

	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
		<i>(in thousand Baht)</i>	
Raw materials and consumables used	1,465,744	1,711,414	1,465,744
Employee benefit expenses	475,771	485,025	475,771
Depreciation and amortisation	161,612	167,965	161,612
Repair and maintenance expenses	104,467	115,351	104,467
Write-off of inventories	-	42,322	-
Freight out	23,868	29,027	23,868
Losses on inventories devaluation	37,972	18,034	37,972
Royalty expenses	17,911	15,025	17,911
Changes in inventories of finished goods and work in process	(14)	(52,491)	(114)

**Crown Seal Public Company Limited**  
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**22 Income tax expense**

*Income tax recognised in profit or loss*

	Note	Financial statements in which the equity method is applied	Separate financial statements	
		2017	2018	2017
			<i>(in thousand Baht)</i>	
<b>Current tax expense</b>				
Current year		59,163	49,586	59,163
Adjustment for prior years		44	74	44
		<u>59,207</u>	<u>49,660</u>	<u>59,207</u>
<b>Deferred tax expense</b>	11			
Movements in temporary differences		1,733	32,592	1,733
		<u>1,733</u>	<u>32,592</u>	<u>1,733</u>
<b>Total income tax expense</b>		<u>60,940</u>	<u>82,252</u>	<u>60,940</u>

*Income tax recognised in other comprehensive income*

	Financial statements in which the equity method is applied			Separate financial statements		
	2017			2017		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(12,061)	2,412	(9,649)	-	-	-
<b>Total</b>	<u>(12,061)</u>	<u>2,412</u>	<u>(9,649)</u>	<u>(12,061)</u>	<u>2,412</u>	<u>(9,649)</u>
	Before tax	2018 Tax expense	Net of tax	Before tax	2017 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Revaluation of land	43,800	(8,760)	35,040	-	-	-
Defined benefit plan actuarial losses	-	-	-	(12,061)	2,412	(9,649)
<b>Total</b>	<u>43,800</u>	<u>(8,760)</u>	<u>35,040</u>	<u>(12,061)</u>	<u>2,412</u>	<u>(9,649)</u>



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*Reconciliation of effective tax rate*

	<b>Financial statements in which the equity method is applied 2017</b>	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		310,704
Income tax using the Thai corporation tax rate	20	62,141
Income not subject to tax		(1,303)
Additional deduction expenses for tax purposes		(3,146)
Expenses not deductible for tax purposes		3,204
Under provided in prior years		44
<b>Total</b>	<b>20</b>	<b>60,940</b>

	<b>Separate financial statements</b>			
	2018		2017	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		412,446		301,405
Income tax using the Thai corporation tax rate	20	82,489	20	60,281
Income not subject to tax		(107)		(2)
Additional deduction expenses for tax purposes		(6,882)		(3,146)
Expenses not deductible for tax purposes		6,678		3,763
Under provided in prior years		74		44
<b>Total</b>	<b>20</b>	<b>82,252</b>	<b>20</b>	<b>60,940</b>

**23 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 and preferred shares outstanding during the years as follows:

	<b>Financial statements in which the equity method is applied 2017</b>	<b>Separate financial statements</b>	
		2018	2017
	<i>(in thousand Baht / thousand shares)</i>		
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>249,764</b>	<b>330,194</b>	<b>240,465</b>
<b>Number of ordinary shares and preferred shares outstanding</b>	<b>52,800</b>	<b>52,800</b>	<b>52,800</b>
<b>Basic earnings per share (in Baht)</b>	<b>4.73</b>	<b>6.25</b>	<b>4.55</b>

# **Crown Seal Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2018**

### **24 Dividends**

At the annual general meeting of the shareholders of the Company held on 25 April 2018, the shareholders approved the appropriation of dividend for ordinary shareholders of Baht 1.50 per share and preferred shareholders of Baht 3.00 per share, amounting to Baht 78 million and Baht 2.4 million, respectively. The dividend was paid to the shareholders on 11 May 2018.

At the annual general meeting of the shareholders of the Company held on 18 April 2017, the shareholders approved the appropriation of dividend for ordinary shareholders of Baht 2.50 per share and preferred shareholders of Baht 4.00 per share, amounting to Baht 130 million and Baht 3.2 million, respectively. The dividend was paid to the shareholders on 15 May 2017.

### **25 Financial instruments**

#### ***Financial risk management policies***

The Company 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 Company does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company 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 Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### ***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 capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

#### ***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. Financial assets interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate.

#### ***Foreign currency risk***

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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At 31 December, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2018	2017
	<i>(in thousand Baht)</i>	
<b><i>United States Dollars</i></b>		
Cash and cash equivalents	1,146	2,560
Trade and other accounts receivable	108,025	80,971
Trade and other accounts payable	(88,098)	(33,623)
<b>Gross balance sheet exposure</b>	<b>21,073</b>	<b>49,908</b>
Currency forwards purchase	48,714	15,619
Currency forwards sales	(3,735)	(45,974)
<b>Net exposure</b>	<b>66,052</b>	<b>19,553</b>
<b><i>Japanese Yen</i></b>		
Trade and other accounts receivable	9	-
Trade and other accounts payable	(5,995)	-
<b>Gross balance sheet exposure</b>	<b>(5,986)</b>	<b>-</b>
Currency forwards purchase	977	-
<b>Net exposure</b>	<b>(5,009)</b>	<b>-</b>
<b><i>Euro</i></b>		
Trade and other accounts payable	(38,673)	(1,023)
<b>Net exposure</b>	<b>(38,673)</b>	<b>(1,023)</b>
<b><i>Pound Sterling</i></b>		
Trade and other accounts payable	(2,580)	-
<b>Net exposure</b>	<b>(2,580)</b>	<b>-</b>
<b><i>Others</i></b>		
Trade and other accounts payable	(128)	-
<b>Net exposure</b>	<b>(128)</b>	<b>-</b>

***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 Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

***Liquidity risk***

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

**Crown Seal Public Company Limited**  
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***Carrying amounts and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available-for-sale	273	-	-	273	273
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Derivatives (foreign currency forward contracts)	(795)	-	(417)	-	(417)
<b>31 December 2017</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available-for-sale	273	-	-	273	273
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Derivatives (foreign currency forward contracts)	(126)	-	(328)	-	(328)

**Measurement of fair values**

The Company determines level 3 fair values for equity securities-available-for-sale based on the most recent quoted price on the Stock Exchange of Thailand and determines level 2 fair value for foreign forward contracts by reference to the value quoted announce by the financial institutions.

**26 Commitments with non-related parties**

	2018	2017
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
<i>Contracted but not provided for:</i>		
Machinery and equipment	144,133	82,061
<b>Total</b>	<b>144,133</b>	<b>82,061</b>
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>		
Within one year	4,672	4,560
After one year but within five years	5,641	6,796
<b>Total</b>	<b>10,313</b>	<b>11,356</b>

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	2018	2017
	<i>(in thousand Baht)</i>	
<b>Other commitments</b>		
Unused letters of credit to guarantee payments due to creditors	-	6,180
Bank guarantees for electricity used and others	10,451	9,882
<b>Total</b>	<b>10,451</b>	<b>16,062</b>

As of 31 December 2018, the Company had:

- a) lease agreements covering its warehouse and vehicles for the periods of 1 to 5 years expiring on various dates from 2019 to 2023.
- b) bank guarantees issued by a bank on behalf of the Company for electricity usage of Baht 9.9 million (2017: Baht 9.5 million) and the purchase-sell agreements with a state enterprise of Baht 0.6 million (2017: Baht 0.4 million).

**27 Event after the reporting period**

At the Board of Directors' meeting held on 21 February 2019, the Board passed a resolution for the approval of the annual dividend payment for the year 2018 for ordinary shareholders of Baht 1.50 per share and preferred shareholders of Baht 3.00 per share, amounting to Baht 78 million and Baht 2.4 million, respectively. The final results are dependent on the approval by the shareholders of the Company at the annual general meeting to be held on 19 April 2019.

**28 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which relevant to the Company's operations are expected to have significant impact on the 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

\* 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.

The Company has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

# Crown Seal Public Company Limited

## Notes to financial statements

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### (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 financial statements.

### 29 Reclassification of accounts

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	Before reclassification	2017 Reclassification (in thousand Baht)	After reclassification
<b>Statement of financial position as at 31 December</b>			
Inventories	472,788	(34,828)	437,960
Property, plant and equipment	1,207,497	52,055	1,259,552
Other non-current assets	22,035	(17,227)	4,808
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.