

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Investments
5	Trade and other accounts receivable
6	Property, plant and equipment
7	Trade and other accounts payable
8	Segment information
9	Earnings per share
10	Financial instruments
11	Commitments with non-related parties
12	Events after the reporting period

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim 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 9 May 2018.

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 period were Nippon Closures Co., Ltd. (36.68% shareholding) and Toyo Seikan Co., Ltd. (10.15% shareholding). Both companies were incorporated in Japan.

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

In addition to the above new and revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

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 financial statements.

(b) Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of judgements and estimates

The preparation of interim 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.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

Measurement of fair values

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).

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

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.

Further information about the assumptions made in measuring fair value is included in note 10 financial instruments.

3 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:

Name of entities	Country of incorporation/ nationality	Nature of relationships
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 Limited	Thailand	Shareholder and common directors
Bangkok Can Manufacturing Co., Ltd.	Thailand	Common directors
PT Indonesia Caps and Closures	Indonesia	Common directors
Toyo Seikan (Thailand) Co., Ltd.	Thailand	Common shareholder
Next Can Innovation Co., Ltd.	Thailand	Shareholder and common directors
Saiwai Shoji Co., Ltd.	Thailand	Common shareholder
Toyo Filling International Co., Ltd.	Thailand	Common shareholder
Kanagata (Thailand) Co., Ltd.	Thailand	Common shareholder

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

Transactions	Pricing policies
Sale of goods	Cost plus margin and market price
Rendering of services	Cost plus margin and contractually agreed price
Rental income	Contractually agreed price
Sales of raw materials and spare part	Market price
Purchase of raw materials and spare part	Cost plus margin
Purchase of equipment	Cost plus margin
Management fee	Contractually agreed price
Royalty expense	A percentage of net sales of each product
Claim payment for damaged goods	Cost

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Significant transactions for the three-month periods ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 2017 <i>(in thousand Baht)</i>	
Key management personnel			
Key management personnel compensation			
Short-term employee benefits	5,217	4,488	5,217
Post-employment benefits	71	47	71
Total key management personnel compensation	<u>5,288</u>	<u>4,535</u>	<u>5,288</u>
Other related parties			
Sales of goods	174,358	174,005	174,358
Rendering of services	46,160	35,204	46,160
Rental income	890	570	890
Sales of raw materials and spare parts	76	53	76
Purchase of raw materials and spare parts	358	509	358
Purchase of equipment	8,838	8,639	8,838
Management fee	3,700	3,833	3,700
Royalty expense	4,958	4,156	4,958
Claim payment for damaged goods	176	594	176

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

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Trade accounts receivable - related parties		
Other related parties	<u>107,121</u>	<u>84,480</u>
Other receivables - related parties		
Other related parties	<u>6,827</u>	<u>6,282</u>
Other payables - related parties		
Other related parties	<u>13,341</u>	<u>14,110</u>
Deferred rental income - related party		
Other related party:		
Bangkok Can Manufacturing Co., Ltd.		
- current	993	993
- non-current	12,159	12,408
Total	<u>13,152</u>	<u>13,401</u>

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Significant agreements with related parties

Land lease agreement

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 of Baht 29.78 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 agreement. The agreement was effective on 2 July 2001.

Service rental agreement

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. in which the Company provided the rental of server and storage machine including service related to the server such as monitoring, managing and backing up for a period of 4 years. The agreement was effective on 15 May 2016.

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. in which the Company provided the services for software and hardware computer and personnel system for 1 year. The agreement was effective on 1 January 2018.

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. in which the Company provided the asset management, electricity and by product. The agreement was effective on 28 December 1996.

Technical license agreement

On 1 January 2018, the Company entered into the technical license agreement with a related party, Nippon Closures Co., Ltd., whereby the Company received the technical support for the manufacture of caps. 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. The agreement was effective on 1 January 2018 and will be for a period of 5 years from the commencement date.

4 Investments

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<i>Current investments</i>		
Short-term deposits at financial institutions	540,441	430,241
<i>Other long-term investments</i>		
Other non-marketable equity securities	47,677	47,677
Total	588,118	477,918

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Other non-marketable equity securities as at 31 March 2018 and 31 December 2017 and dividend income for the three-month periods ended 31 March 2018 and 2017 were as follows:

Companies	Nature of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income for the three-month period ended	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 March 2017
		(%)										(in thousand Baht)	
PT Indonesia Cap and Closures	Produce and distribute packaging caps for beverages	12.08	12.08	IDR 135,148	IDR 135,148	46,342	46,342	(8,961)	(8,961)	37,381	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	-	-
Muang-Ake Golf Co., Ltd.	Service	0.08	0.08	THB 120,000	THB 120,000	180	180	-	-	180	180	-	-
City Sports and Recreation Co., Ltd.	Service	0.03	0.03	THB 82,000	THB 82,000	273	273	-	-	273	273	-	-
Muang-Ake Vista Golf Course Co., Ltd.	Service	0.06	0.06	THB 80,000	THB 80,000	350	350	-	-	350	350	-	-
Total						<u>56,638</u>	<u>56,638</u>	<u>(8,961)</u>	<u>(8,961)</u>	<u>47,677</u>	<u>47,677</u>	<u>-</u>	<u>-</u>

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

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 69,845.55 million. The Company waived its right to purchase these ordinary shares because the operating results of the associate had not met 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 investments and recognised the change in fair value of investment of Baht 6.50 million in the statement of income in which equity method is applied as increase in fair value of investment. The Company has also adjusted the exchange differences on translation of financial statements in foreign currency of this associated company amounting to Baht 4.59 million in other comprehensive income for the year ended 31 December 2017.

The investment value under cost method decreased by Baht 8.96 million and the fair value of retained interest of investment of Baht 37.38 million has been regarded as initial recognition of this long-term investment.

5 Trade and other accounts receivable

	<i>Note</i>	31 March 2018	31 December 2017
<i>(in thousand Baht)</i>			
<i>Trade accounts receivable</i>			
Related parties	3	107,121	84,480
Other parties		382,221	294,320
Total		489,342	378,800
Less allowance for doubtful accounts		-	-
Net		489,342	378,800
<i>Other receivables</i>			
Related parties	3	6,827	6,282
Other parties		6,314	7,329
Total		13,141	13,611
Less allowance for doubtful accounts		-	-
Net		13,141	13,611
Total trade and other accounts receivable		502,483	392,411
		2018	2017
		<i>(in thousand Baht)</i>	
Bad and doubtful debts expense for the: Three-month period ended 31 March		-	-

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	78,184	57,695
Overdue:		
Less than 3 months	28,937	26,785
	<u>107,121</u>	<u>84,480</u>
<i>Less allowance for doubtful accounts</i>	-	-
	<u>107,121</u>	<u>84,480</u>
Other parties		
Within credit terms	292,899	224,359
Overdue:		
Less than 3 months	89,183	69,961
3-6 months	139	-
	<u>382,221</u>	<u>294,320</u>
<i>Less allowance for doubtful accounts</i>	-	-
	<u>382,221</u>	<u>294,320</u>
Net	<u>489,342</u>	<u>378,800</u>

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

6 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March were as follows:

<i>Three-month period ended 31 March</i>	2018		2017	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and other construction	528	-	666	-
Machinery and equipment	186,603	(40)	21,706	(874)
Furniture, fixtures and office equipment	3,483	(1)	1,894	-
Assets under construction and installation	85,179	(180,795)	60,234	(16,906)
Total	<u>275,793</u>	<u>(180,836)</u>	<u>84,500</u>	<u>(17,780)</u>

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

7 Trade and other accounts payable

	<i>Note</i>	31 March 2018	31 December 2017
<i>(in thousand Baht)</i>			
<i>Trade accounts payable</i>			
Other parties		347,353	266,151
Total		<u>347,353</u>	<u>266,151</u>
<i>Other payables</i>			
Related parties	3	13,341	14,110
Other parties		92,567	74,401
Total		<u>105,908</u>	<u>88,511</u>
Total trade and other accounts payable		<u>453,261</u>	<u>354,662</u>

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

8 Segment information

Information about reportable segments

<i>Three-month period ended 31 March</i>	Financial statements in which the equity method is applied		
	Manufacture and sale of caps 2017	Hire of printing sheets for can 2017 <i>(in thousand Baht)</i>	Total 2017
External revenue	651,886	46,934	698,820
Total segment revenue	651,886	46,934	698,820
Segment profit before income tax	125,029	10,235	135,264
Unallocated amounts:			
Interest income			3,421
Other income			18,615
Administrative expense			(44,156)
Share of losses of associate			(1,208)
Total profit before income tax			111,936
Income tax expense			(23,507)
Profit for the period			88,429

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

<i>Three-month period ended 31 March</i>	Manufacture and sale of caps		Separate financial statements Hire of printing sheets for can		Total	
	2018	2017	2018	2017	2018	2017
			<i>(in thousand Baht)</i>			
External revenue	695,800	651,886	36,094	46,934	731,894	698,820
Total segment revenue	695,800	651,886	36,094	46,934	731,894	698,820
Segment profit before income tax	101,383	125,029	11,882	10,235	113,265	135,264
Unallocated amounts:						
Interest income					3,105	3,421
Other income					7,694	18,615
Administrative expense					(40,057)	(44,156)
Total profit before income tax					84,007	113,144
Income tax expense					(18,081)	(23,507)
Profit for the period					65,926	89,637

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

9 Earnings per share

Basic earnings per share

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

<i>Three-month period ended 31 March</i>	Financial statements in which the equity method is applied		
	2017	Separate financial statements	
		2018	2017
	<i>(in thousand Baht / thousand shares)</i>		
Profit attributable to ordinary shareholders of the Company (basic)	88,429	65,926	89,637
Number of ordinary shares outstanding	52,000	52,000	52,000
Earnings per share (basic) (in Baht)	1.70	1.27	1.72

Diluted earnings per share

The calculations of diluted earnings per share for the periods ended 31 March 2018 and 2017 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>Three-month period ended 31 March</i>	Financial statements in which the equity method is applied		
	2017	Separate financial statements	
		2018	2017
	<i>(in thousand Baht / thousand shares)</i>		
Profit attributable to ordinary shareholders of the Company (basic)	88,429	65,926	89,637
Profit attributable to ordinary shareholders of the Company (diluted)	88,429	65,926	89,637
Number of ordinary shares outstanding (basic)	52,000	52,000	52,000
Effect of conversion of preferred shares	800	800	800
Number of ordinary shares outstanding (diluted)	52,800	52,800	52,800
Earnings per share (diluted) (in Baht)	1.67	1.25	1.70

Crown Seal Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

10 Financial instruments

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>					
31 March 2018					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Derivatives (foreign currency forward contracts)	95	-	94	-	94
31 December 2017					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Derivatives (foreign currency forward contracts)	(126)	-	(126)	-	(126)

11 Commitments with non-related parties

	31 March 2018	31 December 2017
<i>(in thousand Baht)</i>		
<i>Capital commitments</i>		
<i>Contracted but not provided for:</i>		
Buildings and other constructions	1,384	-
Machinery and equipment	30,548	82,061
Total	31,932	82,061
<i>Other commitments</i>		
Unused letters of credit to guarantee payments due to creditors	7,946	6,180
Bank guarantees for electricity used and others	9,723	9,882
Total	17,669	16,062

12 Events after the reporting period

At the annual general meeting of the shareholders of the Company held on 25 April 2018, the shareholders approved the appropriation of dividend of Baht 3.0 per share for preferred shares and Baht 1.50 per share for ordinary share, amounting to Baht 80.40 million. The dividend will be paid to shareholders on 11 May 2018.