

**Crown Seal Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2019**

**1. General information**

Crown Seal Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Closures Co., Ltd., which was incorporated in Japan. The ultimate company of the Group is Toyo Seikan Group Holdings, Ltd. The Company is principally engaged in the manufacture and sale of caps for bottles and the hire of printing sheets for can. The registered office of the Company is at 5 Soi Rangsit - Nakhon Nayok 46, Tambon Prachatipat, Amphur Thanyaburi, Pathum Thani.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

## **TFRS 15 Revenue from Contracts with Customers**

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

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

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

This standard does not have any significant impact on the Company's financial statements.

### **(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

Accounting standard:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

## Financial Reporting Standard Interpretations:

|          |   |
|----------|---|
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

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

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

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax of goods supplied after deducting discounts and allowances.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income is recognised as income using the straight-line basis over the term of the lease agreement.

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends are recognised when the right to receive the dividends is established.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade and other receivables**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

#### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

#### **4.5 Investments**

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

The weighted average method is used for computation of the cost of investments.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the income statement when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period when the asset is derecognised.

#### 4.7 Property, plant and equipment/Depreciation

Land is stated at the revalued amount. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in the "Revaluation surplus on assets" in respect of the same assets.

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives.

|  |              |
|--|--------------|
| Buildings and building improvements                      | 3 - 20 years |
| Machinery and equipment                                  | 3 - 15 years |
| Furniture, fixtures, office equipment and motor vehicles | 3 - 5 years  |

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

#### **4.8 Intangible assets and amortisation**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows.

|                   | <u>Useful lives</u> |
|-------------------|---------------------|
| Computer software | 3 and 5 years       |

#### **4.9 Related party transactions**

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

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, and directors and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

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

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.13 Employee benefits**

##### *Short-term employee benefits*

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

##### *Post-employment benefits (Defined contribution plans)*

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred. In addition, the Company has contributions for provident fund made before the Provident Fund Act B.E. 2530 was effective. The Company manages this fund itself and will pay it to the employees upon their terminations.

#### *Post-employment benefits (Defined benefit plans) and other long-term employee benefits*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits (Defined benefit plans) are recognised immediately in other comprehensive income and for other long-term benefits are recognised immediately in the income statement.

#### **4.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.



The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.16 Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translations are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

#### **4.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows.

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Allowance for diminution in value of inventories**

Allowances for diminution in the value of inventories accounts are intended to adjust the value of inventories for probable losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis.

**Allowance for diminution in value of investments**

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

**Investment properties**

The Company presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in the income statement. The independent appraiser values the investment properties using the sales comparison approach and the depreciated replacement cost approach. The key assumptions used in estimating the fair value are described in the related note.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amount. Such amount is determined by the independent valuer using sales comparison approach, and such valuation involves certain assumptions and estimates as described in the related note.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and records impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

## 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

|  | 2019      | 2018    | Pricing policy  |
|--|-----------|---------|---|
| <u>Transactions with related companies</u>                 |           |         |   |
| Sales of caps  | 1,002,779 | 830,638 | Cost plus margin  |
| Service income from printing sheets                        | 184,862   | 151,314 | Cost plus margin  |
| Rental income  | 2,229     | 2,261   | Contract price  |
| Sale of long-term investment                               | 16,016    | -       | Carrying value  |
| Sales of equipment, spare parts and raw materials          | 5,229     | 1,330   | Price charged to other customers in the normal course of business |
| Sale of machine used for generating the electricity        | 40,322    | 1,018   | At cost   |
| Administrative income                                      | 11,499    | 11,084  | Contract price  |
| Purchases of raw materials, finished goods and spare parts | 64,889    | 19,614  | Cost plus margin  |
| Purchases of equipments and machinery                      | 23,475    | 18,971  | Cost plus margin  |
| Royalty fee expense  | 15,788    | 15,025  | A percentage of net sales of each product                         |
| Claim payment for damaged goods                            | 1,299     | 7,307   | At cost   |
| Dividends paid   | 51,984    | 51,984  | As declared   |

### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

|                              | 2019          | 2018          |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 25,569        | 21,761        |
| Post-employment benefits     | 330           | 279           |
| <b>Total</b>                 | <b>25,899</b> | <b>22,040</b> |

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

|   | 2019    | 2018    |
|---|---------|---------|
| Trade accounts receivable - related parties         | 132,581 | 133,355 |
| Other receivables - related parties                 | 8,234   | 6,630   |
| Trade accounts payable - related parties            | 16,124  | 5,978   |
| Other payables - related parties                    | 12,038  | 7,626   |
| Rental received in advance - related parties        |         |         |
| Rental received in advance to be                    |         |         |
| recognised within one year                          | 993     | 993     |
| Rental received in advance - net of current portion | 10,422  | 11,415  |

Additional information concerning the transactions with the related parties is as follows.

- a) The relationships between the Company and related parties are summarised below.

| Company                              | Type of business  | Relationship                      |
|--------------------------------------|---|-----------------------------------|
| Boonrawd Brewery Group               | Manufacture and sale of beverages                       | Shareholder                       |
| Green Spot Co., Ltd.                 | Manufacture and sale of beverages                       | Shareholder                       |
| Thai Namthip Co., Ltd.               | Manufacture and sale of beverages                       | Shareholder and common directors  |
| Serm Suk Public Co., Ltd.            | Manufacture and sale of beverages                       | Shareholder and common directors  |
| Toyo Seikan Group Holdings, Ltd.     | Manufacture and sale of packaging                       | Shareholder and common directors  |
| Nippon Closures Co., Ltd.            | Manufacture and sale of packaging                       | Shareholder and common directors  |
| Bangkok Can Manufacturing Co., Ltd.  | Manufacture and sale of 2 & 3 -<br>piece cans           | Common shareholders and directors |
| Toyo Seikan (Thailand) Co., Ltd.     | Manufacture and sale of plastic<br>packaging            | Common shareholders and directors |
| Next Can Innovation Co., Ltd.        | Manufacture and sale of 2-piece cans                    | Common shareholders and directors |
| PT Indonesia Caps and Closures       | Produce and distribute packaging<br>caps for beverage   | Common shareholders               |
| Toyo Filling International Co., Ltd. | Containing service and sale of<br>aerosol can           | Common shareholders               |
| Kanagata (Thailand) Co., Ltd.        | Plastic injection mould and blow<br>mould manufacturing | Common shareholders               |

- b) The transactions with trade accounts receivable - related parties are conducted in the normal course of business of the Company and in accordance with its established objectives, which are the manufacture and distribution of products to customers who are shareholders of the Company and are in competition with each other, and the provision of printing services.

- c) Other receivables - related parties comprise the outstanding balances from rental, sales of equipment and spare parts, administrative assistance and the provision of IT infrastructure services to related companies.
- d) Other payables - related parties comprise the outstanding balances from purchases of raw materials, spare parts and machinery, accrued royalty fee and accrued claims payments for damaged goods.
- e) The stipulated conditions of the provision of printing services to Bangkok Can Manufacturing Co., Ltd. are that payment is to be made on a monthly basis and the period of service is indefinite.
- f) Rental received in advance represents rental received under the agreement to rent out certain plots of land to Bangkok Can Manufacturing Co., Ltd. for a period of 30 years, ending 1 July 2031.

Moreover, the Company entered into agreements to rent out additional land and building to Bangkok Can Manufacturing Co., Ltd. The rental for this land, determined based on the appraisal value, and for the building, calculated on the basis of depreciated cost, is payable in annual amounts. Compensation for the years ended in August 2019 and 2018 totaled Baht 0.4 million each. As at 31 December 2019, the compensation for extending of this agreement is in decision process.

- g) The Company entered into agreements to provide the rentals of server and storage machine to the related companies in the group of Toyo Seikan Group Holdings Ltd. Agreements cover for a period of 4 years, ending in May 2020, with compensation totalling Baht 4 million and payable on a yearly basis.
- h) The Company entered into agreements to install and provide administrative services for computer software and hardware and personnel systems to related companies in the group of Toyo Seikan Group Holdings Ltd. Compensation under these agreements for the years 2019 and 2018 totaled Baht 10 million each, payable on a monthly basis.

The Company extended the agreements to provide the above services for a period of one year, ending in December 2020, with compensation amounting to Baht 11 million.

- i) The Company entered into sales of assets and service of generating the electricity with Bangkok Can Manufacturing Co., Ltd. The compensation payment is fix rate per month and the period of services is not specified. Compensation for service of generating the electricity for the years 2019 and 2018 was Baht 2 million each.
- j) The Company entered into technical license agreement with Nippon Closures Co., Ltd., whereby the Company receives technical support services for the manufacture of caps. The agreements run for 2 years and 5 years ended in December 2021 and 2022, respectively. Compensation is payable at a percentage of net sales of products stipulated in the agreement, on a semi-annual basis.

**7. Cash and cash equivalents**

(Unit: Thousand Baht)

|               | 2019    | 2018    |
|---------------|---------|---------|
| Cash          | 164     | 182     |
| Bank deposits | 145,012 | 294,325 |
| Total         | 145,176 | 294,507 |

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.10% and 0.70% per annum (2018: between 0.10% and 1.00% per annum).

**8. Current investments**

As at 31 December 2019, short-term deposits with financial institutions carried interest between 0.60% to 1.62% per annum (2018: 1.15% to 1.45% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

|  | 2019    | 2018    |
|--|---------|---------|
| <u>Trade accounts receivable - related parties</u>   |         |         |
| Aged on the basis of due dates                       |         |         |
| Not yet due  | 92,357  | 90,782  |
| Past due   |         |         |
| Up to 3 months                                       | 40,224  | 42,573  |
| Total trade accounts receivable - related parties    | 132,581 | 133,355 |
| <u>Trade accounts receivable - unrelated parties</u> |         |         |
| Aged on the basis of due dates                       |         |         |
| Not yet due  | 253,049 | 256,754 |
| Past due   |         |         |
| Up to 3 months                                       | 100,591 | 69,514  |
| 3 - 6 months   | 5,874   | -       |
| 6 - 12 months  | 217     | -       |
| Total trade accounts receivable - unrelated parties  | 359,731 | 326,268 |
| <u>Other receivables - related parties</u>           |         |         |
| Accrued income                                       | 8,234   | 6,630   |
| Total other receivables - related parties            | 8,234   | 6,630   |
| <u>Other receivables - unrelated parties</u>         |         |         |
| Advances   | 1,467   | 1,951   |
| Compensation received from suppliers                 | 250     | 6,540   |
| Receivable from scrap sales                          | 1,202   | 3,404   |
| Others   | 1,990   | 1,674   |
| Total other receivables - unrelated parties          | 4,909   | 13,569  |
| Total trade and other receivables                    | 505,455 | 479,822 |



## 10. Inventories

(Unit: Thousand Baht)

|                  | 2019           |  |                     | 2018           |  |                     |
|------------------|----------------|--|---------------------|----------------|--|---------------------|
|                  | Cost           | Reduce cost<br>to net<br>realisable<br>value | Inventories-<br>net | Cost           | Reduce cost<br>to net<br>realisable<br>value | Inventories-<br>net |
| Finished goods   | 190,319        | (18,844)                                     | 171,475             | 156,227        | (11,846)                                     | 144,381             |
| Work in process  | 179,956        | (1,483)                                      | 178,473             | 193,419        | (11,169)                                     | 182,250             |
| Raw materials    | 184,666        | (2,702)                                      | 181,964             | 192,701        | (3,975)                                      | 188,726             |
| Goods in transit | 23,216         | (4,044)                                      | 19,172              | 37,390         | (1,570)                                      | 35,820              |
| Spare parts      | 20,113         | -  | 20,113              | 28,736         | -  | 28,736              |
| Total            | <u>598,270</u> | <u>(27,073)</u>                              | <u>571,197</u>      | <u>608,473</u> | <u>(28,560)</u>                              | <u>579,913</u>      |

During the current year, the Company reduced cost of inventories by Baht 34.78 million (2018: Baht 18.03 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 36.27 million (2018: Baht 23.57 million) resulting from inventories destructions.

## 11. Long-term investments

(Unit: Thousand Baht)

| Companies  | Nature of<br>business                                     | Shareholding<br>percentage (%) | 2019          | 2018            |
|--|---|--------------------------------|---------------|-----------------|
| PT. Indonesia Caps and Closures  | Produce and distribute<br>packaging caps for<br>beverages | 12.08                          | -             | 37,381          |
| Bangkok Can Manufacturing<br>Co., Ltd.   | Produce and distribute<br>cans                            | 1.61                           | 9,494         | 9,493           |
| Muang-Ake Golf Co., Ltd.   | Golf club service   | 0.08                           | 180           | 180             |
| Muang-Ake Vista Golf Course<br>Co., Ltd.   | Golf club service   | 0.06                           | 350           | 350             |
| Total cost   |   |                                | <u>10,024</u> | <u>47,404</u>   |
| Less: Allowance for diminution in<br>value of investment in PT.<br>Indonesia Caps and closures |   |                                | <u>-</u>      | <u>(29,631)</u> |
| Investments in non-marketable<br>equity securities - net                                       |   |                                | <u>10,024</u> | <u>17,773</u>   |
| Equity securities - Available-for-<br>sales  |   |                                | <u>273</u>    | <u>273</u>      |
| Long-term investments - net  |   |                                | <u>10,297</u> | <u>18,046</u>   |

On 5 November 2019, the Board of Directors Meeting No. 5/2019 passed a resolution approving the sale of all 14,375 shares of PT. Indonesia Caps and Closures to a related company and a company at a price of USD 61.26 per share (Baht 1,837.36 per share), totaling Baht 26 million. A gain on sale of investment of Baht 19 million has been included in other income for 2019.

## 12. Investment properties

(Unit: Thousand Baht)

|                                 | 2019                               |         |             |         |
|---------------------------------|------------------------------------|---------|-------------|---------|
|                                 | Allocated land<br>and construction |         |             | Total   |
|                                 | Land for rent                      | thereon | Vacant land |         |
| Book value at beginning of year | 240,100                            | 160,100 | 266,100     | 666,300 |
| Book value at end of year       | 240,100                            | 160,100 | 266,100     | 666,300 |
| Rental income for the year      | 1,403                              | -       | -           | 1,403   |
| Expense                         |                                    |         |             | 99      |

(Unit: Thousand Baht)

|                                 | 2018                               |         |             |         |
|---------------------------------|------------------------------------|---------|-------------|---------|
|                                 | Allocated land<br>and construction |         |             | Total   |
|                                 | Land for rent                      | thereon | Vacant land |         |
| Book value at beginning of year | 172,000                            | 157,700 | 143,600     | 473,300 |
| Increase in fair value          | 68,100                             | 2,400   | 122,500     | 193,000 |
| Book value at end of year       | 240,100                            | 160,100 | 266,100     | 666,300 |
| Rental income for the year      | 1,403                              | -       | -           | 1,403   |
| Expense                         |                                    |         |             | 149     |

Future rental income to be derived from investment properties will be as follow:

(Unit: Thousand Baht)

|                          | 2019  | 2018  |
|--------------------------|-------|-------|
| Within 1 year            | 993   | 993   |
| Over 1 and up to 5 years | 3,972 | 3,972 |
| Over 5 years             | 6,450 | 7,443 |

In 2018, the Company hired an independent appraiser to appraise the fair value of investment properties. The appraiser determined the value of land using market price comparison approach, while the depreciated replacement cost approach was used to value construction in development projects. As a result of revaluation, the fair value of investment properties increased by totaling Baht 193 million which was presented as income in 2018 income statement. In 2019, the fair value of investment properties remained unchanged.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

|  | Revaluation | Cost basis |   |                               |  |                   | Total     |
|--|-------------|------------|---|-------------------------------|--|-------------------|-----------|
|  | basis       | Land       | Buildings and<br>building<br>improvements | Machinery<br>and<br>equipment | Furniture,<br>fixtures, office<br>equipment<br>and motor<br>vehicles | Motor<br>vehicles |           |
| <b>Cost / Revalued amount</b>  |             |            |   |                               |  |                   |           |
| 1 January 2018   | 99,000      | 451,469    | 2,523,168                                 | 91,769                        | 8,015  | 241,377           | 3,414,798 |
| Additions  | -           | -          | 28,687                                    | 4,508                         | -  | 234,096           | 267,291   |
| Revaluation increase   | 43,800      | -          | -   | -                             | -  | -                 | 43,800    |
| Disposals  | -           | (961)      | (44,893)                                  | (1,736)                       | (65)   | (2,454)           | (50,109)  |
| Transfers in (out)   | -           | 5,207      | 251,644                                   | 6,604                         | -  | (263,805)         | (350)     |
| 31 December 2018   | 142,800     | 455,715    | 2,758,606                                 | 101,145                       | 7,950  | 209,214           | 3,675,430 |
| Additions  | -           | -          | 16,660                                    | 3,220                         | -  | 275,238           | 295,118   |
| Disposals  | -           | (8,763)    | (120,963)                                 | (3,832)                       | -  | (5,397)           | (138,955) |
| Transfers in (out)   | -           | 8,616      | 280,943                                   | 3,739                         | -  | (293,298)         | -         |
| 31 December 2019   | 142,800     | 455,568    | 2,935,246                                 | 104,272                       | 7,950  | 185,757           | 3,831,593 |
| <b>Accumulated depreciation</b>  |             |            |   |                               |  |                   |           |
| 1 January 2018   | -           | 318,697    | 1,758,977                                 | 69,941                        | 7,631  | -                 | 2,155,246 |
| Depreciation for the year  | -           | 13,273     | 139,081                                   | 12,827                        | 115  | -                 | 165,296   |
| Depreciation on disposals  | -           | (954)      | (37,152)                                  | (1,516)                       | (65)   | -                 | (39,687)  |
| 31 December 2018   | -           | 331,016    | 1,860,906                                 | 81,252                        | 7,681  | -                 | 2,280,855 |
| Depreciation for the year  | -           | 13,323     | 145,057                                   | 9,784                         | 115  | -                 | 168,279   |
| Depreciation on disposals  | -           | (8,134)    | (75,405)                                  | (3,798)                       | -  | -                 | (87,337)  |
| 31 December 2019   | -           | 336,205    | 1,930,558                                 | 87,238                        | 7,796  | -                 | 2,361,797 |
| <b>Net book value</b>  |             |            |   |                               |  |                   |           |
| 31 December 2018   | 142,800     | 124,699    | 897,700                                   | 19,893                        | 269  | 209,214           | 1,394,575 |
| 31 December 2019   | 142,800     | 119,363    | 1,004,688                                 | 17,034                        | 154  | 185,757           | 1,469,796 |
| <b>Depreciation for the year</b>   |             |            |   |                               |  |                   |           |
| 2018 (Baht 160 million included in manufacturing cost, and the balance in administrative expenses) |             |            |   |                               |  |                   | 165,294   |
| 2019 (Baht 164 million included in manufacturing cost, and the balance in administrative expenses) |             |            |   |                               |  |                   | 168,279   |

The Company had its land revalued in 2018 by an independent appraiser using sales comparison approach to determine the fair value. The fair value of land increased by Baht 43.80 million which was effective since 28 November 2018.

The historical cost of land was Baht 63.3 million.

As at 31 December 2019, certain items of buildings and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,647 million (2018: Baht 1,423 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 its portion as at 31 December 2019 was Baht 48 million (2018: Baht 11 million).

#### 14. Intangible assets

(Unit: Thousand Baht)

|   | 2019   | 2018   |
|---|--------|--------|
| Computer software                               |        |        |
| Cost - at beginning of year                     | 52,856 | 51,082 |
| Acquisition                                     | 2,354  | 1,433  |
| Transfer in                                     | -      | 350    |
| Write-off                                       | (400)  | (9)    |
| Cost - at end of year                           | 54,810 | 52,856 |
| Accumulated amortisation - at beginning of year | 49,216 | 46,801 |
| Amortisation for the year                       | 2,318  | 2,424  |
| Amortisation for write-off                      | (400)  | (9)    |
| Accumulated amortisation - at end of year       | 51,134 | 49,216 |
| Intangible assets - net                         | 3,676  | 3,640  |

#### 15. Bank overdrafts and short-term loans from financial institutions

Credit facilities in term of bank overdrafts and short-term loan of the Company as at 31 December 2019 and 2018 totaled Baht 175 million, which have not been drawn down. Such loan facilities are unsecured.

#### 16. Trade and other payables

(Unit: Thousand Baht)

|   | 2019    | 2018    |
|---|---------|---------|
| Trade accounts payables - related parties   | 16,124  | 5,978   |
| Trade accounts payables - unrelated parties | 290,247 | 393,654 |
| Other payables - related parties            | 12,038  | 7,626   |
| Other payables - unrelated parties          |         |         |
| Other payables                              | 45,113  | 60,411  |
| Accrued expenses                            | 33,229  | 39,422  |
| Total trade and other payables              | 396,751 | 507,091 |

## 17. Provision for long-term employee benefits

|   | (Unit: Thousand Baht) |                |
|---|-----------------------|----------------|
|   | 2019                  | 2018           |
| Post-employment benefits (Defined contribution plans) | 41,994                | 47,846         |
| Post-employment benefits (Defined benefit plans)      | 144,018               | 108,079        |
| Other long-term employee benefits                     | 19,045                | 21,037         |
| Total   | <u>205,057</u>        | <u>176,963</u> |

Provision for post-employment benefits (Defined benefit plans), which represents compensation payables to employees after they are retired from the Company, was as follows.

|  | (Unit: Thousand Baht) |                |
|--|-----------------------|----------------|
|  | 2019                  | 2018           |
| Provision for long-term employee benefits at beginning of year | 108,080               | 106,852        |
| Included in the income statement:                              |                       |                |
| Current service cost   | 5,982                 | 4,852          |
| Interest cost  | 3,020                 | 2,496          |
| Past service cost  | 33,732                | -              |
| Benefits paid during the year                                  | <u>(6,796)</u>        | <u>(6,120)</u> |
| Provision for long-term employee benefits at end of year       | <u>144,018</u>        | <u>108,080</u> |

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change was considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 33.7 million as a result. The Company reflects the effect of the change by recognising past service costs as administrative expenses in the income statement of the year 2019.

The Company expects to pay Baht 8.1 million of post-employment benefits (Defined benefit plans) during the next year (2018: Baht 10.9 million).

As at 31 December 2019, the weighted average duration of the liabilities for post-employment benefits (Defined benefit plans) is 6 years (2018: 6 years).

Significant actuarial assumptions are summarised below.

|                        | 2019          | 2018          |
|------------------------|---------------|---------------|
|                        | (% per annum) | (% per annum) |
| Discount rate          | 2.75          | 2.75          |
| Salary increase rate   | 5.00          | 5.00          |
| Employee turnover rate | 9.00          | 9.00          |

The result of sensitivity analysis for significant assumptions that affect the present value of the post-employment benefits (Defined benefit plans) as at 31 December 2019 and 2018 are summarised below:

|                      | 31 December 2019 |                               |          |                               |
|----------------------|------------------|-------------------------------|----------|-------------------------------|
|                      | Increase         | Effect to                     | Decrease | Effect to                     |
|                      | (%)              | obligation<br>(Thousand Baht) | (%)      | obligation<br>(Thousand Baht) |
| Discount rate        | 0.5              | (3,515)                       | 0.5      | 3,711                         |
| Salary increase rate | 1.0              | 11,237                        | 1.0      | (10,155)                      |

  

|                      | 31 December 2018 |                               |          |                               |
|----------------------|------------------|-------------------------------|----------|-------------------------------|
|                      | Increase         | Effect to                     | Decrease | Effect to                     |
|                      | (%)              | obligation<br>(Thousand Baht) | (%)      | obligation<br>(Thousand Baht) |
| Discount rate        | 0.5              | (2,849)                       | 0.5      | 3,009                         |
| Salary increase rate | 1.0              | 8,011                         | 1.0      | (7,277)                       |

## 18. Preferred shares

The preferred shares of the Company are registered shares granting dividend entitlements at the rate of the ordinary shares plus Baht 1.50 per share. Dividends on the preferred shares are non-cumulative. Each preferred share has the same voting rights as the ordinary shares and is convertible to ordinary shares in a ratio of 1:1 on the last day of every month.

On 31 October 2018, the Annual General Meeting of shareholders approved the issue of 730 ordinary shares at an issue price of Baht 10 per share for the conversion of preferred shares to ordinary shares. The Company registered the conversion shares with the Ministry of Commerce on 13 November 2018.

As at 31 December 2019 and 2018, 799,258 preferred shares remained unexercised.

## 19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 20. Revaluation surplus on assets

This represents surplus arising from revaluation of land. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 21. Other income

(Unit: Thousand Baht)

|   | 2019           | 2018           |
|---|----------------|----------------|
| Income from sales of scrap metal and spareparts | 98,761         | 106,199        |
| Administrative income                           | 11,499         | 11,084         |
| Rental income                                   | 2,229          | 2,261          |
| Interest income                                 | 15,372         | 12,498         |
| Gain on exchange                                | 4,458          | 2,686          |
| Indemnity                                       | 42,322         | -              |
| Gain on sale of long-term investment            | 18,944         | -              |
| Others  | 20,350         | 22,978         |
| Total   | <u>213,935</u> | <u>157,706</u> |

During the year 2018, inventories of Baht 54 million were damaged by accident in factory. The Company recorded loss of Baht 42 million from damage (net of scrap sales), as part of administrative expenses. During the year 2019, the Company received indemnity of Baht 42 million.

## 22. Expenses by nature

Significant expenses by nature are as follows.

|   | (Unit: Thousand Baht) |           |
|---|-----------------------|-----------|
|   | 2019                  | 2018      |
| Raw materials and consumables used                              | 1,688,756             | 1,711,414 |
| Salary, wages and other employee benefits                       | 573,276               | 485,025   |
| Depreciation and amortisation                                   | 170,790               | 167,965   |
| Repair and maintenance expenses                                 | 106,384               | 115,351   |
| Loss on write off of inventories                                | -                     | 42,322    |
| Loss on diminution in value of inventories                      | 34,778                | 18,034    |
| Freight-out expense   | 33,960                | 29,027    |
| Royalty fee   | 15,788                | 15,025    |
| Changes in inventories of finished goods and<br>work in process | (20,629)              | (52,491)  |

## 23. Income tax expense / Deferred tax liabilities

Income tax expense for the years ended 31 December 2019 and 2018 was made up as follows:

|  | (Unit: Thousand Baht) |               |
|--|-----------------------|---------------|
|  | 2019                  | 2018          |
| <b>Current income tax:</b>                                       |                       |               |
| Current income tax charge  | 68,601                | 49,586        |
| Adjustment in respect of income tax of previous year             | 52                    | 74            |
| <b>Deferred tax:</b>   |                       |               |
| Relating to origination and reversal of<br>temporary differences | 3,450                 | 32,592        |
| <b>Income tax expense reported in<br/>the income statement</b>   | <u>72,103</u>         | <u>82,252</u> |



Tax reconciliation between accounting profit and income tax expense was shown below.

(Unit: Thousand Baht)

|  | 2019     | 2018     |
|--|----------|----------|
| Accounting profit before tax                                   | 421,083  | 412,446  |
| Applicable tax rate  | 20%      | 20%      |
| Accounting profit before tax multiplied by applicable tax rate | 84,217   | 82,489   |
| Adjustment in respect of income tax of previous year           | 52       | 74       |
| Effects of:  |          |          |
| Non-deductible expenses  | 9,239    | 19,157   |
| Additional expense deductions allowed                          | (24,855) | (52,059) |
| Others   | 3,450    | 32,591   |
| Total  | (12,166) | (312)    |
| Income tax expense reported in the income statement            | 72,103   | 82,252   |

Income tax recognised in other comprehensive income for the years was as follow:

(Unit: Thousand Baht)

|                           | 2019 | 2018    |
|---------------------------|------|---------|
| Land revaluation increase | -    | 43,800  |
| Less: Tax expense         | -    | (8,760) |
| Net of income tax         | -    | 35,040  |

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

(Unit: Thousand Baht)

|  | 2019      | 2018      |
|--|-----------|-----------|
| Allowance for diminution in value of inventories     | 5,415     | 5,712     |
| Provision for long-term employee benefits            | 32,613    | 25,823    |
| Rental received in advance                           | 2,084     | 2,284     |
| Others   | 2,785     | 10,691    |
| Total deferred tax assets                            | 42,897    | 44,510    |
| Depreciation and amortisation                        | (34,519)  | (32,682)  |
| Gain on change in the value of investment properties | (64,152)  | (64,152)  |
| Revaluation surplus on land                          | (15,319)  | (15,319)  |
| Total deferred tax liabilities                       | (113,990) | (112,153) |
| Deferred tax liabilities - net                       | (71,093)  | (67,643)  |

## 24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

| For the year ended 31 December   |                 |  |                   |                    |        |      |
|--|-----------------|--|-------------------|--------------------|--------|------|
| Profit for the year  |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |      |
| 2019   | 2018            | 2019                                       | 2018              | 2019               | 2018   |      |
| (Thousand Baht)  | (Thousand Baht) | (Thousand shares)                          | (Thousand shares) | (Baht)             | (Baht) |      |
| <b>Basic earnings per share</b>  |                 |  |                   |                    |        |      |
| Profit for the year  | 348,980         | 330,194                                    | 52,001            | 52,001             | 6.71   | 6.35 |
| <b>Effect of dilutive potential ordinary shares</b>                        |                 |  |                   |                    |        |      |
| Convertible preferred shares   | -               | -  | 799               | 799                |        |      |
| <b>Diluted earnings per share</b>  |                 |  |                   |                    |        |      |
| Profit of ordinary shareholders assuming the conversion to ordinary shares | 348,980         | 330,194                                    | 52,800            | 52,800             | 6.61   | 6.25 |

## 25. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance. The chief operating decision maker has been identified as the Company's authorised director.

For management purposes, the Company are organised into business units based on its products and services and have two reportable segments as follows:

1. manufacture and sale of caps
2. hire of printing sheets for can

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company' financing activities which give rise to finance costs and finance income, administrative activities, and income tax are managed on a group basis. Therefore these income and expenses are not allocated to operating segments. The following table presented revenue and profit information regarding the Company's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Thousand Baht)

|  | Manufacture<br>and sale of caps |           | Hire of printing<br>sheets for can |         | Total     |           |
|--|---------------------------------|-----------|------------------------------------|---------|-----------|-----------|
|  | 2019                            | 2018      | 2019                               | 2018    | 2019      | 2018      |
| Sales and service income                             | 2,948,021                       | 2,686,401 | 188,954                            | 154,185 | 3,136,975 | 2,840,586 |
| <b>Operating results</b>                             |                                 |           |                                    |         |           |           |
| Segment profit                                       | 493,959                         | 379,587   | 37,119                             | 31,239  | 531,078   | 410,826   |
| Unallocated income and expenses                      |                                 |           |                                    |         |           |           |
| Financial income                                     |                                 |           |                                    |         | 15,372    | 12,498    |
| Increase in fair value of investment properties      |                                 |           |                                    |         | -         | 193,000   |
| Other income   |                                 |           |                                    |         | 99,802    | 39,008    |
| Administrating expenses                              |                                 |           |                                    |         | (225,169) | (213,255) |
| Loss on diminution in value of long-term investments |                                 |           |                                    |         | -         | (29,631)  |
| Profit before income tax expense                     |                                 |           |                                    |         | 421,083   | 412,446   |
| Income tax expense                                   |                                 |           |                                    |         | (72,103)  | (82,252)  |
| Profit for the year                                  |                                 |           |                                    |         | 348,980   | 330,194   |

The Company operated in Thailand, with sales derived from both local and foreign markets. No segment assets have been presented since the major items of them have been common used by the operating segments.

For the year 2019, the Company has revenue from three major customers in amount of Baht 1,241 million (2018: Baht 1,028 million), arising from sales of caps segment.

## 26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contribute to the fund monthly at the rate of 5% of their salaries, and the Company contributes at rates of 5%-10% of the employees' salaries. For employees 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. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contribution for the year 2019 amounted to Baht 20.7 million (2018: Baht 19.8 million).

## 27. Dividends paid

|                                 | Approved by   | Total dividends<br>(Thousand Baht) | Dividend per preferred share<br>(Baht) | Dividend per ordinary share<br>(Baht) |
|---------------------------------|---|------------------------------------|--|---------------------------------------|
| Final dividends for 2017        | Annual General Meeting of shareholders on 25 April 2018 | 80,400                             | 3.00                                   | 1.50                                  |
| <b>Total dividends for 2018</b> |   | <b>80,400</b>                      | <b>3.00</b>                            | <b>1.50</b>                           |
| Final dividends for 2018        | Annual General Meeting of shareholders on 19 April 2019 | 80,400                             | 3.00                                   | 1.50                                  |
| <b>Total dividends for 2019</b> |   | <b>80,400</b>                      | <b>3.00</b>                            | <b>1.50</b>                           |

## 28. Commitments and contingent liabilities

As at 31 December 2019 and 2018, the Company has the following outstanding commitments and contingent liabilities.

- a) The Company has commitments, which mature within one year, to local and overseas suppliers under purchase orders for raw materials, spare parts and service hiring, and capital expenditures, as follows:

(Unit: Million)

| Currencies   | 2019  | 2018  |
|--------------|-------|-------|
| Baht         | 35.34 | 91.96 |
| Japanese yen | 13.59 | -     |
| Euro         | 0.97  | 1.52  |

- b) The Company has bank guarantees of Baht 10.2 million (2018: Baht 10.4 million) issued by a bank on behalf of the Company. Letters of guarantees are to guarantee electricity usage of Baht 9.9 million (2018: Baht 9.9 million) and the purchase-sell agreements with a state agency of Baht 0.3 million (2018: Baht 0.5 million).

## 29. Financial instruments

### 29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### a) Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

#### b) Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions. However, since most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

|                              | 31 December 2019                            |                         |                      |                              |
|------------------------------|---|-------------------------|----------------------|------------------------------|
|                              | Fixed interest rates maturity within 1 year | Floating interest rates | Non-interest bearing | Interest rates (% per annum) |
| <b>Financial assets</b>      |   |                         |                      |                              |
| Cash and cash equivalents    | 104   | 41                      | -                    | 0.04 - 0.70                  |
| Current investments          | 982   | -                       | -                    | 0.60 - 1.62                  |
| Trade and other receivables  | -   | -                       | 505                  | -                            |
| <b>Financial liabilities</b> |   |                         |                      |                              |
| Trade and other payables     | -   | -                       | 397                  | -                            |

(Million Baht)

| 31 December 2018             |   |                            |                         |                                 |
|------------------------------|---|----------------------------|-------------------------|---------------------------------|
|                              | Fixed interest<br>rates maturity<br>within 1 year | Floating<br>interest rates | Non-interest<br>bearing | Interest rates<br>(% per annum) |
| <b>Financial assets</b>      |   |                            |                         |                                 |
| Cash and cash equivalents    | 282   | 13                         | -                       | 0.04 - 1.00                     |
| Current investments          | 711   | -                          | -                       | 1.15 - 1.45                     |
| Trade and other receivables  | -   | -                          | 480                     | -                               |
| <b>Financial liabilities</b> |   |                            |                         |                                 |
| Trade and other payables     | -   | -                          | 507                     | -                               |

## c) Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| 31 December 2019 |                                  |                                       |  |
|------------------|----------------------------------|---------------------------------------|--|
| Foreign currency | Financial<br>assets<br>(Million) | Financial<br>liabilities<br>(Million) | Average exchange rate<br>(Baht per 1 foreign<br>currency unit) |
| US dollar        | 3.80                             | 1.85                                  | 30.20 - 30.42  |
| Japanese yen     | -                                | 78.53                                 | 28.25  |
| Euro             | -                                | 0.21                                  | 34.25  |
| Pound sterling   | -                                | 0.01                                  | 40.34  |

  

| 31 December 2018 |                                  |                                       |  |
|------------------|----------------------------------|---------------------------------------|--|
| Foreign currency | Financial<br>assets<br>(Million) | Financial<br>liabilities<br>(Million) | Average exchange rate<br>(Baht per 1 foreign<br>currency unit) |
| US dollar        | 3.36                             | 2.70                                  | 32.61 - 32.93  |
| Japanese yen     | -                                | 20.19                                 | 29.52  |
| Euro             | -                                | 1.03                                  | 37.64  |
| Pound sterling   | -                                | 0.06                                  | 41.69  |
| Swedish Krona    | -                                | 0.04                                  | 3.65   |

Forward exchange contracts outstanding are summarised below.

| 31 December 2019 |               |             |                                    |               |                           |
|------------------|---------------|-------------|------------------------------------|---------------|---------------------------|
| Foreign currency | Bought amount | Sold amount | Contractual exchange rate          |               | Contractual maturity date |
|                  |               |             | Bought amount                      | Sold amount   |                           |
|                  | (Million)     | (Million)   | (Baht per 1 foreign currency unit) |               |                           |
| US dollar        | -             | 0.25        | -                                  | 30.28 - 30.34 | 20/01/2020 - 31/01/2020   |
| Yen              | 51.46         | -           | 27.80 - 27.96                      | -             | 31/01/2020 - 28/02/2020   |

  

| 31 December 2018 |               |             |                                    |               |  |
|------------------|---------------|-------------|------------------------------------|---------------|--|
| Foreign currency | Bought amount | Sold amount | Contractual exchange rate          |               | Contractual maturity date  |
|                  |               |             | Bought amount                      | Sold amount   |  |
|                  | (Million)     | (Million)   | (Baht per 1 foreign currency unit) |               |  |
| US dollar        | 1.51          | 0.11        | 32.70 - 32.92                      | 33.02 - 33.30 | 10/01/2019 - 08/02/2019 (Sold)<br>18/01/2019 - 31/01/2019 (Bought) |
| Yen              | 3.38          | -           | 29.15                              | -             | 31/01/2019   |

## 29.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

## 30. Fair value hierarchy

The Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

|                                      | 31 December 2019 |         |         |       |
|--------------------------------------|------------------|---------|---------|-------|
|                                      | Level 1          | Level 2 | Level 3 | Total |
| <b>Assets measured at fair value</b> |                  |         |         |       |
| Long-term investments                | -                | -       | 9       | 9     |
| Investment properties                | -                | 653     | 13      | 666   |
| Land                                 | -                | -       | 143     | 143   |

(Unit: Million Baht)

|                                      | 31 December 2018 |         |         |       |
|--------------------------------------|------------------|---------|---------|-------|
|                                      | Level 1          | Level 2 | Level 3 | Total |
| <b>Assets measured at fair value</b> |                  |         |         |       |
| Long-term investments                | -                | -       | 17      | 17    |
| Investment properties                | -                | 653     | 13      | 666   |
| Land                                 | -                | -       | 143     | 143   |

### **31. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Company's debt-to-equity ratio was 0.2:1 (2018: 0.2:1).

### **32. Event after the reporting period**

On 26 February 2020, the meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in April 2020 to adopt a resolution to pay a dividend of Baht 3.9 per share for ordinary shareholders and Baht 5.4 per share for preferred shareholders, or a total of Baht 207 million, to the shareholders in respect of the 2019 profit. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2020.