

**Crown Seal Public Company Limited**  
**Notes to interim financial statements**  
**For the three-month period ended 31 March 2021**

**1. General information**

**1.1 Corporate 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 and in a group of 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.

**1.2 Basis for the preparation of interim financial information**

These interim financial information are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial information. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial information are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial information should therefore be read in conjunction with the latest annual financial statements.

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

**1.3 New financial reporting standards**

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

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

(Unaudited but reviewed)

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

**1.4 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

**2. Related party transactions**

During the periods, 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)

	For the three-month periods ended		Pricing policy
	31 March		
	2021	2020	
<b><u>Transactions with related companies</u></b>			
Sales of caps	211,100	247,760	Cost plus margin
Service income from printing sheets	12,432	65,612	Cost plus margin and contract price
Rental income	563	554	Contract price
Sales of raw materials and spare parts	186	161	Market price
Administrative income	6,360	12,395	Contract price
Purchases of raw materials and spare parts	5,709	3,735	Cost plus margin
Purchases of equipment	225	2,134	Cost plus margin
Royalty fee expense	2,839	2,831	A percentage of net sales of each product
Claim payment for damaged goods	1,289	66	At cost

(Unaudited but reviewed)

Directors and management's benefits

The Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

For the three-month periods  
ended 31 March

	2021	2020
Short-term employee benefits	8,652	7,171
Post-employment benefits	156	84
Total	<u>8,808</u>	<u>7,255</u>

The balances of accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Trade accounts receivable - related parties	106,444	114,621
Other receivables - related parties	2,469	3,245
Trade accounts payable - related parties	472	838
Other payables - related parties	9,924	9,927
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	9,181	9,430

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Cash	120	180
Bank deposits	<u>367,896</u>	<u>228,036</u>
Total	<u>368,016</u>	<u>228,216</u>

As at 31 March 2021 and 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.01% to 0.20% per annum.

(Unaudited but reviewed)

#### 4. Trade and other receivables

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	99,161	95,272
Past due		
Up to 3 months	7,283	19,349
Total trade accounts receivable - related parties	106,444	114,621
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	284,193	227,745
Past due		
Up to 3 months	93,373	119,031
3 - 6 months	21,634	17,810
6 - 12 months	21	-
Over 12 months	12	11
Total trade accounts receivable - unrelated parties	399,233	364,597
<u>Other receivables - related parties</u>		
Accrued income	2,469	3,245
Total other receivables - related parties	2,469	3,245
<u>Other receivables - unrelated parties</u>		
Advances	1,757	1,420
Compensation received from suppliers	60	975
Receivable from scrap sales	1,802	256
Others	1,448	1,048
Total other receivables - unrelated parties	5,067	3,699
Total trade and other receivables	513,213	486,162

**5. Inventories****Allowance for diminution in values of inventories**

Movements in the allowance for diminution in values of inventories account during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2021	21,488
Write-down of cost of inventories resulting from inventories destruction	(8,108)
Reversal of reduced cost of inventories during the period	3,204
Net book value as at 31 March 2021	<u>16,584</u>

**6. Other current financial assets**

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
<u>Debt instruments at amortised cost</u>		
Bank deposits with maturity over 3 months	<u>1,003,998</u>	<u>1,053,998</u>

As at 31 March 2021 and 31 December 2020, short-term deposits with financial institutions carried interest between 0.15% to 0.75% per annum.

**7. Other non-current financial assets**

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
<u>Equity instruments designated at FVOCI</u>		
Non-listed equity instruments		
- Bangkok Can Manufacturing Co., Ltd.	9,494	9,494
- Others	530	530
Total equity instruments designated at FVOCI	<u>10,024</u>	<u>10,024</u>
<u>Equity instruments designated at FVTPL</u>		
Listed equity instruments	<u>372</u>	<u>384</u>
Total equity instruments designated at FVTPL	<u>372</u>	<u>384</u>
Total other non-current financial assets	<u>10,396</u>	<u>10,408</u>

(Unaudited but reviewed)

## 8. Investment properties

No movement of the investment properties account during the three-month period ended 31 March 2021.

During the three-month period ended 31 March 2021, rental income derived from investment property amounted to Baht 0.4 million (2020: Baht 0.4 million).

The Company has entered into operating leases for its investment properties with the lease terms of 30 years.

The Company has future minimum rental receivable under non-cancellable operating leases as follows:

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
Within 1 year	993	993
Over 1 and up to 5 years	3,970	3,972
Over 5 years	5,211	5,458
Total	<u>10,174</u>	<u>10,423</u>

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	1,493,392
Acquisitions during period - at cost	55,598
Disposal/write-off during period - net book value	(392)
Depreciation for the period	<u>(46,572)</u>
Net book value as at 31 March 2021	<u>1,502,026</u>

The Company shares the ownership of some building and machinery with Bangkok Can Manufacturing Co., Ltd. and recorded the assets in proportion to its ownership. The carrying amount of its share as at 31 March 2021 was Baht 44 million (31 December 2020: Baht 45 million).

(Unaudited but reviewed)

## 10. Right-of-use assets/Lease liabilities

### Right-of-use assets

Movements of right-of-use assets for the three-month period ended 31 March 2021 were summarised below:

(Unit: Thousand Baht)

Net book value as at 1 January 2021	19,868
Acquisitions during period - at cost	8,429
Depreciation for the period	(3,603)
Net book value as at 31 March 2021	<u>24,694</u>

### Lease liabilities

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Lease payments	25,310	20,465
Less: Deferred interest expenses	(481)	(495)
Lease liabilities	24,829	19,970
Less: Portion due within one year	(12,872)	(10,323)
Lease liabilities - net of current portion	<u>11,957</u>	<u>9,647</u>

## 11. Facilities for bank overdrafts and short-term loans from financial institutions

Outstanding bank overdrafts and short-term loan facilities of the Company as at 31 March 2021 and 31 December 2020 are Baht 175 million. Such facilities are unsecured.

## 12. Trade and other payables

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Trade accounts payables - related parties	472	838
Trade accounts payables - unrelated parties	408,277	378,418
Other payables - related parties	9,924	9,927
Other payables - unrelated parties	28,961	36,984
Accrued expenses	44,592	34,901
Total	<u>492,226</u>	<u>461,068</u>

**13. Income tax expense**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expense was made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2021	2020
<b>Current income tax:</b>		
Interim corporate income tax charge	14,885	19,373
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	78	1,508
<b>Income tax expense reported in the statement of income</b>	<u>14,807</u>	<u>20,881</u>

**14. Earnings per share**

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

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



(Unaudited but reviewed)

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

For the three-month periods ended 31 March						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
2021	2020	2021	2020	2021	2020	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit for the period	65,322	92,575	52,001	52,001	1.26	1.78
<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	65,322	92,575	52,800	52,800	1.24	1.75

## 15. Segment information

The Company is organised into business units based on its products and services. During the current period, the Company has not changed the organisation of its reportable segments.

The following tables present revenue and profit information regarding the Company's operating segments.

(Unit: Thousand Baht)						
For the three-month periods ended 31 March						
	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2021	2020	2021	2020	2021	2020
Sales and service income	700,550	707,628	12,909	66,423	713,459	774,051
Other income	23,853	20,228	-	-	23,853	20,228
Total	724,403	727,856	12,909	66,423	737,312	794,279
<b>Operating results</b>						
Segment profit	124,120	129,076	1,773	22,460	125,893	151,536
<b>Unallocated income and expenses</b>						
Finance income					1,724	3,602
Other income					13,227	18,831
Administrative expenses					(60,604)	(60,436)
Finance cost					(111)	(77)
Profit before income tax expense					80,129	113,456
Income tax expense					(14,807)	(20,881)
Profit for the period					65,322	92,575

**16. Commitments and contingent liabilities**

- a) The Company has commitments, which mature within one year, to local and overseas suppliers under purchase orders for purchase of machinery and equipment, as follows:

(Unit: Million)

Foreign Currency	31 March 2021	31 December 2020
Baht	33.0	13.9
Euro	1.1	1.9

- b) As at 31 March 2021, the Company has bank guarantees issued by a bank on behalf of the Company of Baht 10.2 million (31 December 2020: Baht 10.2 million for guarantee of electricity usage and Baht 0.2 million for the purchase-sell agreements with a state agency).

**17. Financial Instrument****17.1 Fair value of financial instrument**

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments are estimated to approximate their fair value.

**17.2 Fair value hierarchy**

As at 31 March 2021, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

		31 March 2021			
		Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Financial assets measured at FVTPL -	Equity				
instruments		1	-	-	1
Financial assets measured at FVOCI -	Equity				
instruments		-	-	10	10
Derivatives - Foreign currency forward contracts		-	1	-	1
Investment properties		-	653	13	666
Land		-	143	-	143
<b>Liabilities measured at fair value</b>					
Derivatives - Foreign currency forward contracts		-	4	-	4

(Unaudited but reviewed)

(Unit: Million Baht)

		31 December 2020			
		Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Financial assets measured at FVTPL -	Equity				
instruments		1	-	-	1
Financial assets measured at FVOCI -	Equity				
instruments		-	-	10	10
Derivatives - Foreign currency forward contracts		-	1	-	1
Investment properties		-	653	13	666
Land		-	143	-	143

During the current period, the Company has not changed the method and assumptions used to estimate the fair value of financial instruments, and there is no transfer between the fair value hierarchy.

#### 18. Event after the reporting period

The Company's Annual General Meeting of shareholders, held on 23 April 2021, approved dividend payments from the operating result for the year 2020 to the ordinary shareholders of Baht 127.40 million (Baht 2.45 per share), and to the preferred shareholders of Baht 3.16 million (Baht 3.95 per share), totaled Baht 130.56 million. The dividends will be paid to shareholders on 14 May 2021.

#### 19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2021.