# OCEAN GLASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2019

**1. GENERAL INFORMATION**

Ocean Glass Public Company Limited (the “Company”) is a public limited company which is listed on the Stock Exchange of Thailand in 1993 and incorporated and domiciled in Thailand. The principal activities of the Company are manufacturing and selling table glassware. The addresses of the Company’s selling and administrative office and factory are as follows:

Office : 75/3, 75/88-91 and 75/107 Ocean Tower II, 12th, 34th and 38th floor, Sukhumvit 19 Road (Soi Wattana), North Klongtoey, Wattana, Bangkok 10110

Factory : 365-365/1, Moo 4, Bangpoo Industrial Estate, Soi 8, Sukhumvit Road, Praksa, Muangsamutprakarn, Samutprakarn 10280

Showroom : 175 Ocean Insurance Building, Sukhumvit 21 Road, North Klongtoey, Wattana, Bangkok 10110

For reporting purpose, the Company and its subsidiaries are referred to as “the Group”. The Company has 3 subsidiaries as follows:

Ocean Glass Trading (Shanghai) Co., Ltd., the Company’s wholly owned subsidiary, was registered and incorporated in China on September 10, 2006. The term of the subsidiary is 20 years, expiring on September 10, 2026. The subsidiary’s main objective is import and merchandising household glassware in China.

Ocean Glass Trading India Private Limited, 99.99% owned by the Company, was incorporated in India on November 20, 2013. The subsidiary’s main objective is to perform marketing activities in India.

Crystal Clear Innovation Co., Ltd., 99.99% owned by the Company, was incorporated in Thailand on August 31, 2016. The subsidiary’s main objective is for providing research, development, and merchandising tableware products.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis for preparation of the financial statements**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except revaluation of land and derivative financial instruments which has been stated at fair value as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 3.17.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**2.2 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

**2.3 Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. 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. Except, the new standard involves changes to key principles, as summarized below.

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

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

Financial Reporting Standard:

|  |  |
| --- | --- |
| 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 amortized 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.

**TFRS 16 Leases**

These TFRSs 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 recognize 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 and its subsidiaries are currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**3. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THESE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS ARE SET OUT BELOW**

**3.1 Revenue and expenses recognition**

**Sale of goods**

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

**Other income and expenses**

Interest income is recognised using the accrual method.

Other income and expenses is recognized using the accrual method.

**3.2 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**3.3 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and marketing costs.

**3.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**3.5. Group Accounting - Investments in subsidiaries**

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.   
The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over   
the entity. Subsidiaries are fully consolidated from the date on which control is transferred to   
the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provide evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive disposed income in respect. Of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**3.6 Foreign currency translation**

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Thai Baht, which is the Company’s functional and the Group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

• Income and expenses for each statement of comprehensive income are translated at average exchange rates; and

• All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**3.7 Property, plant and equipment**

Land is shown at fair value, based on valuations by external independent valuer which are conducted every 3 years. All other plants and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as gains on land revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gains on land revaluation directly in equity; all other decreases are charged to profit or loss.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

|  |  |  |
| --- | --- | --- |
| Buildings and building improvements |  | 5 - 35 years |
| Machinery, equipment and tools |  | 5 - 25 years |
| Furniture, fixtures and office equipment |  | 3 - 25 years |
| Motor vehicles |  | 5 years |

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset’s carrying amount is written-down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (losses)/gains - net’ in profit or loss.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

**3.8 Intangible assets**

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

* it is technically feasible to complete the software product so that it will be available for use or sell;
* management intends to complete the software product and use or sell it;
* there is an ability to use or sell the software product;
* it can be demonstrated how the software product will generate probable future economic benefits;
* adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
* the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, 5 - 15 years.

**3.9 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.10 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**3.11 Leases - where a Group company is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the net present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

**3.12 Loans**

Loans are recognised initially at the fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective yield method.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.13 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to be applied when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3.14 Employee benefits**

**Retirement benefits**

The Company operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

**Other long-term employee benefits**

The Company provides long-service award to employee who works for 30 years. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The benefit is charged to expense in the statement of comprehensive income in the period to which it relates.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**3.15 Provisions**

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**3.16 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Allowance for doubtful accounts

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

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

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 the estimated useful lives and residual values when there are any changes.

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

Deferred tax assets

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

Employee benefits

The present value of the employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefits.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefits liability.

**4. RELATED PARTY TRANSACTIONS**

During the year, the Group has relationship, pricing policy and significant business transactions with related parties which are summarised as follow:

Ocean Holding Co., Ltd. is the major shareholder of the Company as at December 31, 2019 and 2018, holding 32.82%. The remaining 67.18% is held by individual.

Related parties:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Party |  | Business |  | Relationship |
| Ocean Glass Trading (Shanghai) Co., Ltd. |  | Import and merchandising |  | Subsidiary |
|  |  | household glassware in China |  |  |
|  |  |  |  |  |
| Ocean Glass Trading India |  | Marketing activities in India |  | Subsidiary |
| Private Limited |  |  |  |  |
|  |  |  |  |  |
| Crystal Clear Innovation Co., Ltd. |  | Research, development,  and merchandising tableware  products |  | Subsidiary |
|  |  |  |  |  |
| Ocean Life Insurance Co., Ltd. |  | Life insurance |  | The Company’s shareholder |
|  |  |  |  | and co-shareholders and |
|  |  |  |  | co-director |
|  |  |  |  |  |
| Ocean Property Co., Ltd. |  | Real estate |  | Co-shareholders |
|  |  |  |  |  |
| Siam Mail Order House Co., Ltd. |  | Sales of office equipment and supplies |  | Co-shareholders |
|  |  |  |  |  |
| Ocean Group (Thailand) Co., Ltd. |  | Legal services |  | Co-shareholders and co-director |
|  |  |  |  |  |
| Key management personnel |  |  |  | Persons with the authority and of direct or indirect |
|  |  |  |  | responsibility for planning, |
|  |  |  |  | directing and controlling |
|  |  |  |  | the activities of the entity, |
|  |  |  |  | including, any Group director |
|  |  |  |  | (executive or otherwise) |

Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

Pricing policies by transactions:

|  |  |  |
| --- | --- | --- |
| Transaction |  | Pricing policy |
| Sales |  | Mutually agreed price |
| Purchase of office equipment and supplies |  | Market price |
| Website development fee |  | Negotiated agreement |
| Commissions |  | Negotiated agreement |
| Rental expenses and service fees |  | Negotiated agreement |
| Loans |  | Negotiated agreement |

The following material transactions were carried out with related parties during the years ended December 31, 2019 and 2018.

**4.1 Sales of goods**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Sales of goods: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 98,807 |  | 225,196 |
| Related companies | 203 |  | 477 |  | 203 |  | 477 |
|  | 203 |  | 477 |  | 99,010 |  | 225,673 |

**4.2 Purchase of goods and service expenses**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Purchase of office equipment and supplies: |  |  |  |  |  |  |  |
| Related companies | 100 |  | 32 |  | 100 |  | 32 |
| Website development fee: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 1,400 |  | - |
| Rental expenses and service fee: |  |  |  |  |  |  |  |
| Related companies | 15,936 |  | 15,545 |  | 15,936 |  | 15,545 |
| Legal service fee: |  |  |  |  |  |  |  |
| Related companies | 61 |  | 6 |  | 61 |  | 6 |
| Commission: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 12,015 |  | 8,877 |
| Interest Income: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 207 |  | 87 |

Trading transactions with related parties are carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at mutually agreed price Services pricing among related parties is based on contracts.

**4.3 Outstanding balances with related parties as at December 31, 2019 and 2018**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Trade receivables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 874 |  | 17,894 |
| Related companies | 29 |  | 135 |  | 29 |  | 135 |
|  | 29 |  | 135 |  | 903 |  | 18,029 |
| Other receivables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 3 |  | 9 |
|  | - |  | - |  | 3 |  | 9 |
| Other payables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 2,263 |  | 805 |
| Related companies | 685 |  | 1,591 |  | 685 |  | 1,591 |
|  | 685 |  | 1,591 |  | 2,948 |  | 2,396 |

**4.4 Key management compensation**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated / The Company Only | | |
|  | 2019 |  | 2018 |
| Short-term benefits | 33,076 |  | 32,832 |
| Post-employment benefits | 2,161 |  | 1,713 |
| Other long-term benefits | 2 |  | 34 |
| Total | 35,239 |  | 34,579 |

**4.5 Loan to subsidiaries**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Loan to subsidiaries, at the beginning of the year | - |  | - |  | 6,500 |  | 2,000 |
| Increase Loan | - |  | - |  | 3,500 |  | 6,500 |
| Repayments | - |  | - |  | - |  | (2,000) |
| Loan to subsidiaries, at the end of the year | - |  | - |  | 10,000 |  | 6,500 |

On November 29, 2016, Crystal Clear Innovation Co., Ltd. entered into an agreement with the Company for a borrowing facility dominated in Baht of 2 million, interest rate is at 4.50% per annum. The Company has received full repayment of principle and interest on April 26, 2018.

On April 25, 2018, Crystal Clear Innovation Co., Ltd. entered into an agreement with the Company for short-term borrowing facility dominated in Baht of 10 million, interest rate is at market rate plus 0.10% per annum. The repayment is as stated in each promissory note.

**5. Cash and cash equivalents**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Cash on hand | 180 |  | 457 |  | 98 |  | 317 |
| Deposits at banks - current | 4,557 |  | 6,450 |  | 1,523 |  | 4,827 |
| Deposits at banks - savings | 46,556 |  | 83,339 |  | 12,070 |  | 26,905 |
| Total | 51,293 |  | 90,246 |  | 13,691 |  | 32,049 |

Savings accounting carries interest rate at the floating rates which are set by the bank.

**6. TRADE AND OTHER RECEIVABLES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Trade receivables : |  |  |  |  |  |  |  |
| - other parties | 212,283 |  | 197,046 |  | 212,278 |  | 192,279 |
| - related parties (Note 4.3) | 29 |  | 135 |  | 903 |  | 18,029 |
| Less Allowance for doubtful accounts | (716) |  | - |  | (716) |  | - |
|  | 211,596 |  | 197,181 |  | 212,465 |  | 210,308 |
| Advance payment | 44,997 |  | 12,915 |  | 44,938 |  | 12,850 |
| Prepayment | 11,156 |  | 15,025 |  | 11,054 |  | 14,743 |
| Other receivables : |  |  |  |  |  |  |  |
| - other parties | 5,153 |  | 2,307 |  | 5,142 |  | 2,255 |
| - related parties (Note 4.3) | - |  | - |  | 3 |  | 9 |
| Less Allowance for doubtful accounts | (107) |  | - |  | (107) |  | - |
|  | 61,199 |  | 30,247 |  | 61,030 |  | 29,857 |
|  | 272,795 |  | 227,428 |  | 273,495 |  | 240,165 |

Trade receivables as at December 31, 2019 and 2018 were analysed as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Up to 3 months (Not yet due) | 211,592 |  | 196,363 |  | 212,461 |  | 209,490 |
| Over 3 - 6 months | 4 |  | 155 |  | 4 |  | 155 |
| Over 6 - 12 months | - |  | 244 |  | - |  | 244 |
| Over 12 months | 716 |  | 419 |  | 716 |  | 419 |
| Total | 212,312 |  | 197,181 |  | 213,181 |  | 210,308 |
| Less Allowance for doubtful accounts | (716) |  | - |  | (716) |  | - |
| Trade receivables - net | 211,596 |  | 197,181 |  | 212,465 |  | 210,308 |

Outstanding receivables from related parties as at December 31, 2019 and 2018 were analysed as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Up to 3 months (Not yet due) | 29 |  | 135 |  | 903 |  | 18,029 |
| Over 3 - 6 months | - |  | - |  | - |  | - |
| Over 6 - 12 months | - |  | - |  | - |  | - |
| Over 12 months | - |  | - |  | - |  | - |
| Total | 29 |  | 135 |  | 903 |  | 18,029 |

**7. INVENTORIES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Finished goods | 559,720 |  | 560,823 |  | 559,546 |  | 557,613 |
| Merchandise | 42,335 |  | 31,761 |  | 42,293 |  | 31,694 |
| Work in progress | 11,418 |  | 10,069 |  | 11,418 |  | 10,069 |
| Raw materials | 86,175 |  | 95,083 |  | 86,175 |  | 95,083 |
| Spare parts | 139,782 |  | 142,466 |  | 139,782 |  | 142,466 |
| Supplies and packing materials | 184,932 |  | 185,276 |  | 184,932 |  | 185,276 |
| Goods in transit | 3,814 |  | 190 |  | 3,814 |  | 190 |
|  | 1,028,176 |  | 1,025,668 |  | 1,027,960 |  | 1,022,391 |
| Less Allowance for the decline  in value of inventory, slow - moving and obsolete inventories | (24,428) |  | (28,165) |  | (24,428) |  | (28,165) |
| Inventories-net | 1,003,748 |  | 997,503 |  | 1,003,532 |  | 994,226 |

Allowance for the decline in value of inventory, slow-moving and obsolete inventories are changed during the year as follows :

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Beginning balance of year | 28,165 |  | 4,040 |  | 28,165 |  | 4,040 |
| Increase | 8,547 |  | 30,878 |  | 8,547 |  | 30,878 |
| Decrease | (12,284) |  | (6,753) |  | (12,284) |  | (6,753) |
| Ending balance of year | 24,428 |  | 28,165 |  | 24,428 |  | 28,165 |

**8. INVESTMENTS IN SUBSIDIARIES**

The subsidiaries are:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | % Ownership | | |
|  | Country of |  | 2019 |  | 2018 |
|  | incorporation |  |  |  |  |
| Ocean Glass Trading (Shanghai) Company Limited | China |  | 100.00% |  | 100.00% |
| Ocean Glass Trading India Private Limited | India |  | 99.99% |  | 99.99% |
| Crystal Clear Innovation Co., Ltd. | Thailand |  | 99.99% |  | 99.99% |

Movements of investments in subsidiaries:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | The Company Only | | |
|  | 2019 |  | 2018 |
| Beginning balance | 6,000 |  | 6,000 |
| Addition of investment during the year | - |  | - |
| Ending balance | 6,000 |  | 6,000 |

**9. PROPERTY, PLANT AND EQUIPMENT**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  |  |  | 31, 2019 |
| At appraised value |  |  |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,867 |  | - |  | (4,364) |  | 4,464 |  | - |  | 626,967 |
| Machinery and equipment | 3,385,508 |  | 6,861 |  | (79,723) |  | 223,891 |  | (6) |  | 3,536,531 |
| Furniture, fixtures and office equipment | 107,041 |  | 4,581 |  | (3,988) |  | 2,781 |  | (94) |  | 110,321 |
| Vehicles | 8,033 |  | 1,869 |  | (2,064) |  | - |  | - |  | 7,838 |
| Machinery under installation and construction in progress | 137,733 |  | 119,055 |  | - |  | (231,136) |  | - |  | 25,652 |
| Total buildings and equipment - at cost | 4,265,182 |  | 132,366 |  | (90,139) |  | - |  | (100) |  | 4,307,309 |
| Total | 4,944,612 |  |  |  |  |  |  |  |  |  | 4,986,739 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (414,931) |  | (15,690) |  | 4,229 |  | - |  | - |  | (426,392) |
| Machinery and equipment | (2,530,178) |  | (134,126) |  | 67,292 |  | - |  | 5 |  | (2,597,007) |
| Furniture, fixtures and office equipment | (97,019) |  | (6,217 ) |  | 3,960 |  | - |  | 72 |  | (99,204) |
| Vehicles | (6,140) |  | (712) |  | 2,064 |  | - |  | - |  | (4,788) |
| Total | (3,048,268) |  | (156,745) |  | 77,545 |  | - |  | 77 |  | (3,127,391) |
| Property, plant and equipment - net | 1,896,344 |  |  |  |  |  |  |  |  |  | 1,859,348 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2018 |  |  |  |  |  |  |  |  |  | 31, 2018 |
| At appraised value |  |  |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 513,880 |  | - |  | (1,429) |  | 114,416 |  | - |  | 626,867 |
| Machinery and equipment | 3,531,651 |  | 10,920 |  | (198,692) |  | 41,630 |  | (1) |  | 3,385,508 |
| Furniture, fixtures and office equipment | 109,495 |  | 2,514 |  | (5,774) |  | 882 |  | (76) |  | 107,041 |
| Vehicles | 11,453 |  | - |  | (3,420) |  | - |  | - |  | 8,033 |
| Machinery under installation and construction in progress | 41,393 |  | 253,268 |  | - |  | (156,928) |  | - |  | 137,733 |
| Total buildings and equipment - at cost | 4,207,872 |  | 266,702 |  | (209,315) |  | - |  | (77) |  | 4,265,182 |
| Total | 4,887,302 |  |  |  |  |  |  |  |  |  | 4,944,612 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (403,418) |  | (12,943) |  | 1,430 |  | - |  | - |  | (414,931) |
| Machinery and equipment | (2,587,550) |  | (131,236) |  | 188,607 |  | - |  | 1 |  | (2,530,178) |
| Furniture, fixtures and office equipment | (96,667) |  | (6,147) |  | 5,750 |  | - |  | 45 |  | (97,019) |
| Vehicles | (8,804) |  | (755) |  | 3,419 |  | - |  | - |  | (6,140) |
| Total | (3,096,439) |  | (151,081) |  | 199,206 |  | - |  | 46 |  | (3,048,268) |
| Property, plant and equipment - net | 1,790,863 |  |  |  |  |  |  |  |  |  | 1,896,344 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  | 31, 2019 |
| At appraised value |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,867 |  | - |  | (4,364) |  | 4,464 |  | 626,967 |
| Machinery and equipment | 3,385,508 |  | 6,860 |  | (79,723) |  | 223,881 |  | 3,536,526 |
| Furniture, fixtures and office equipment | 105,853 |  | 4,581 |  | (3,860) |  | 2,791 |  | 109,365 |
| Vehicles | 8,033 |  | 1,869 |  | (2,064) |  | - |  | 7,838 |
| Machinery under installation and construction in progress | 137,733 |  | 119,055 |  | - |  | (231,136) |  | 25,652 |
| Total buildings and equipment - at cost | 4,263,994 |  | 132,365 |  | (90,011) |  | - |  | 4,306,348 |
| Total | 4,943,424 |  |  |  |  |  |  |  | 4,985,778 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (414,931) |  | (15,690) |  | 4,229 |  | - |  | (426,392) |
| Machinery and equipment | (2,530,179) |  | (134,120) |  | 67,292 |  | - |  | (2,597,007) |
| Furniture, fixtures and office equipment | (96,189) |  | (6,020) |  | 3,834 |  | - |  | (98,375) |
| Vehicles | (6,140) |  | (713) |  | 2,064 |  | - |  | (4,789) |
| Total | (3,047,439) |  | (156,543) |  | 77,419 |  | - |  | (3,126,563) |
| Property, plant and equipment - net | 1,895,985 |  |  |  |  |  |  |  | 1,859,215 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2018 |  |  |  |  |  |  |  | 31, 2018 |
| At appraised value |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 513,880 |  | - |  | (1,429) |  | 114,416 |  | 626,867 |
| Machinery and equipment | 3,531,650 |  | 10,920 |  | (198,692) |  | 41,630 |  | 3,385,508 |
| Furniture, fixtures and office equipment | 108,237 |  | 2,500 |  | (5,766) |  | 882 |  | 105,853 |
| Vehicles | 11,453 |  | - |  | (3,420) |  | - |  | 8,033 |
| Machinery under installation and construction in progress | 41,393 |  | 253,268 |  | - |  | (156,928) |  | 137,733 |
| Total buildings and equipment - at cost | 4,206,613 |  | 266,688 |  | (209,307) |  | - |  | 4,263,994 |
| Total | 4,886,043 |  |  |  |  |  |  |  | 4,943,424 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (403,418) |  | (12,943) |  | 1,430 |  | - |  | (414,931) |
| Machinery and equipment | (2,587,550) |  | (131,235) |  | 188,606 |  | - |  | (2,530,179) |
| Furniture, fixtures and office equipment | (96,037) |  | (5,895) |  | 5,743 |  | - |  | (96,189) |
| Vehicles | (8,804) |  | (755) |  | 3,419 |  | - |  | (6,140) |
| Total | (3,095,809) |  | (150,828) |  | 199,198 |  | - |  | (3,047,439) |
| Property, plant and equipment - net | 1,790,234 |  |  |  |  |  |  |  | 1,895,985 |

The gross carrying amount of fully depreciated plant and equipment that were still in use as at December 31, 2019 amounted to Baht 1,929.25 million (2018 : Baht 1,960.97 million)

On March 2, 2017, the Company has appraised the land determined by independent appraiser (Brent Joe Cosens Consulting Co., Ltd.). The Company recorded the land at fair value as of December 31, 2019, in the amount of Baht 679 million comprising the historical cost of Baht 22 million and the gain on land revaluation of Baht 657 million. This valuation technique is market comparative method which sales prices of comparable land are in close proximity and adjusted for difference in key attributes such as property size which fair value hierarchy in level 2 as described in Note 24.7.

The Company had mortgaged land with buildings net book value as at December 31, 2018 amounting to Baht 872 million as collateral for its long-term loan from a financial institution and the Company repaid the final repayment of its long-term loan and since August 1, 2019, the Company has redeemed its land with buildings which have been pledged as collateral as described in Note 14.

In 2018, the Company recorded interest as part of the cost assets of Baht 0.50 million. Borrowing costs are the amount of the loan for general purposes by calculating from the capitalization rate which is the weighted average of the total loans that were borrowed for general purposes at the rate of 1.96% per annum.

**10. INTANGIBLE ASSETS**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  |  |  | 31, 2019 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Computer software | 74,027 |  | 2,404 |  | (13,326) |  | 995 |  | (74) |  | 64,026 |
| Computer software installation | 681 |  | 944 |  | - |  | (995) |  | - |  | 630 |
| Total | 74,708 |  | 3,348 |  | (13,326) |  | - |  | (74) |  | 64,656 |
| Less Accumulated amortization | (55,440) |  | (4,407) |  | 13,308 |  | - |  | 51 |  | (46,488) |
| Computer software - net | 19,268 |  |  |  |  |  |  |  |  |  | 18,168 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2018 |  |  |  |  |  |  |  |  |  | 31, 2018 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Computer software | 68,813 |  | 2,266 |  | - |  | 3,000 |  | (52) |  | 74,027 |
| Computer software installation | 1,205 |  | 2,476 |  | - |  | (3,000) |  | - |  | 681 |
| Total | 70,018 |  | 4,742 |  | - |  | - |  | (52) |  | 74,708 |
| Less Accumulated amortization | (51,586) |  | (3,877) |  | - |  | - |  | 23 |  | (55,440) |
| Computer software - net | 18,432 |  |  |  |  |  |  |  |  |  | 19,268 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  | 31, 2019 |
| At cost |  |  |  |  |  |  |  |  |  |
| Computer software | 73,178 |  | 2,404 |  | (13,326) |  | 503 |  | 62,759 |
| Computer software installation | 343 |  | 2,190 |  | - |  | (503) |  | 2,030 |
| Total | 73,521 |  | 4,594 |  | (13,326) |  | - |  | 64,789 |
| Less Accumulated amortization | (54,951) |  | (4,068) |  | 13,308 |  | - |  | (45,711) |
| Computer software - net | 18,570 |  |  |  |  |  |  |  | 19,078 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2018 |  |  |  |  |  |  |  | 31, 2018 |
| At cost |  |  |  |  |  |  |  |  |  |
| Computer software | 67,912 |  | 2,266 |  | - |  | 3,000 |  | 73,178 |
| Computer software installation | 1,205 |  | 2,138 |  | - |  | (3,000) |  | 343 |
| Total | 69,117 |  | 4,404 |  | - |  | - |  | 73,521 |
| Less Accumulated amortization | (51,313) |  | (3,638) |  | - |  | - |  | (54,951) |
| Computer software - net | 17,804 |  |  |  |  |  |  |  | 18,570 |

**11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2019 |  | 2018 |
| Promissory note | 655,000 |  | 585,000 |
| Total | 655,000 |  | 585,000 |

As at December 31, 2019 and 2018, short-term loans from local financial institution denominated in Thai Baht, due within 6 months and bear interest rate of 1.69% to 1.71% per annum. (2018 : interest rate of 1.90% to 2.20% per annum)

The fair values approximate the carrying amounts because of their short-term maturities which fair value hierarchy in level 2 as described in Note 24.7.

**12. TRADE AND OTHER PAYABLES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | |  | The Company Only | | |
|  | 2019 | | |  | 2018 |  | 2019 |  | 2018 |
| Trade payables – other parties | 137,044 | | |  | 153,584 |  | 137,044 |  | 153,584 |
| Other payables – other parties | 40,193 | | |  | 68,686 |  | 34,165 |  | 45,556 |
| * related parties (Note 4.3) | 685 | | |  | 1,591 |  | 2,948 |  | 2,396 |
| Advances from customers | 7,825 | | |  | 19,297 |  | 6,880 |  | 17,250 |
| Accrued energy expenses | 8,347 | | |  | 8,086 |  | 8,347 |  | 8,086 |
| Accrued commission and rebate | | 13,249 | |  | 9,215 |  | 13,249 |  | 9,215 |
| Accrued salary and bonus expenses | | | 33,202 |  | 29,755 |  | 32,241 |  | 29,001 |
| Other accrued expenses | 28,878 | | |  | 30,459 |  | 26,995 |  | 27,811 |
| Total | 269,423 | | |  | 320,673 |  | 261,869 |  | 292,899 |

**13. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2019 |  | 2018 |
| Loans – from financial institutions, at the beginning of the year | 185,373 |  | 426,213 |
| Increase Loans | 100,000 |  | - |
| Repayments | (183,081) |  | (240,840) |
| Long term loans from financial institutions, at the end of year | 102,292 |  | 185,373 |
| Less Current portion of long-term loans from financial institutions | 35,892 |  | 182,340 |
| Long term loans from financial institutions  with due date more than one year | 66,400 |  | 3,033 |

Maturity of long-term loans:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2019 |  | 2018 |
| Due within 1 year | 35,892 |  | 182,340 |
| Due more than 1 year but not over 5 years | 66,400 |  | 3,033 |
|  | 102,292 |  | 185,373 |

Long-term loans from financial institutions

As at December 31, 2019, long-term loans from financial institutions consist of:

1) Loans facilities of Baht 300 million

On September 26, 2019, the Company entered into an agreement with a local bank for a long-term loan facility denominated in Thai Baht of Baht 300 million, which is repayable in five years from the first loan drawdown date which has to be settled by December 25, 2024. This loan has a grace period for principal repayment for the periods seven months from the first loan drawdown date and the Company is required to repay the principal in monthly installments. Interest is payable on a monthly basis and is calculated at the MLR rate minus a fixed percentage from the first year to fifth year. The Company must maintain a minimum debt-to-equity ratio as a condition of the long-term loan agreements.

As at December 31, 2019, the total outstanding loan is Baht 100 million.

2) Loans facilities of Baht 535 million

On November 26, 2012, the Company entered into an agreement with the same local bank as 1) for a long-term loan facility denominated in Thai Baht of Baht 535 million, which is repayable in five years, by December 6, 2017. The loan has a grace period for principal repayment for the first year to second years. The Company is required to repay the principal in monthly installment from the third year to the fifth year, and the remaining principal in the last installment. Interest is payable on a monthly basis and is calculated at a fixed rate in the first year and the second years and at the MLR rate minus a fixed percentage from the third year to the fifth year.

On November 12, 2014, the Company amended the loan agreement to adjust the monthly principal repayment amount and extend the repayment period to December 6, 2021.

In June 2017, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within October 2020.

In August 2018, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within September 2019.

The Company has fully paid of principle and interest on July 6, 2019 and has redeemed its land with buildings which have been pledged as collateral since August 1, 2019. (2018: Baht 174 million)

3) Loan facilities of Baht 250 million

On November 26, 2012, the Company entered into an agreement with the same local bank as 1) for a long-term loan facility denominated in Thai Baht of Baht 250 million, which is repayable in five years from the first loan drawdown date which has to be settled by November 29, 2018. This loan has a grace period for principal repayment in the first year. The Company is required to repay the principal in monthly instalments from the second year to the fifth year. Interest is payable on a monthly basis and is calculated at the MLR rate minus a fixed percentage.

On November 12, 2014, the Company amended the loan agreement to adjust the monthly principal repayment amount and extend the repayable period to November 29, 2021.

In November 2016, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within December 2018.

In June 2017, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within July 2018.

The Company has fully paid of principle and interest on July 29, 2018.

4) Loan facilities of Baht 23 million

On May 12, 2016, the Company entered into an agreement with another local bank for a long-term loan facility denominated in Thai Baht of Baht 23 million. The loan has a purpose for investment and operation in saving and renewable energy project. The Company is required to drawdown within December 31, 2016. The Company has to repaid the principal quarterly in 16 installments. The first installments is paid on the last business day of December 2016. Interest is payable on a monthly basis. The principal and interest shall be settled within the 54th month from the loan receiving month or not over 5 years from the agreement date, whichever period comes first. Interest is calculated at the MLR rate minus a fixed percentage. The Company has drawdown this loan in accordance with the condition amount of Baht 19 million.

The Company has fully paid of principle and interest on June 30, 2019 (2018: Baht 7 million).

5) Loan facilities of Baht 12 million

On May 12, 2016, the Company entered into an agreement with the same local bank as 4) for a long-term loan facility denominated in Thai Baht of Baht 12 million. The loan has a purpose for working capital in saving energy project according to condition of Department of Alternative Energy Development and Efficiency. The Company is required to drawdown within December 31, 2016 and repay in 5 years, by September 30, 2020. The Company is required to repay the principal in quarterly instalments. Interest is payable on a monthly basis and is calculated at a fixed rate until the maturity of the agreement. Then, the Company drawdown this loan as conditions in the amount Baht 12 million.

As at December 31, 2019, the total outstanding loan is Baht 2 million. (2018: Baht 5 million).

The interest rate exposure on the long-term loan comprises the following:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2019 |  | 2018 |
| **Long-term loans** |  |  |  |
| at fixed rates | 2,292 |  | 5,372 |
| at floating rates | 100,000 |  | 180,001 |
|  | 102,292 |  | 185,373 |

The interest rates at the statement of financial position date were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | % (per annum) | | |
|  | Consolidated/ The Company Only | | |
|  | 2019 |  | 2018 |
| Long-term loans | 3.50 |  | 3.50 to 4.25 |

The long-term loans from financial institutions with floating interest rates, the fair values approximate the carrying amounts. Fair values of the long-term loans from financial institutions with fixed interest rates approximate the carrying amounts because the current interest rates of the similar terms loans as the Group’s approximate the interest rates per the agreement. Fair value hierarchy in level 2 as described in Note 24.7.

**14. DEFERRED INCOME TAXES**

Deferred tax assets and liabilities are offset when income taxes are related to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the liability method using principal tax 20% for the Company and 20% - 30.9% for the subsidiary.

The analysis of deferred tax assets and deferred tax liabilities are as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Deferred tax assets | 31,657 |  | 33,320 |  | 30,850 |  | 30,185 |
| Deferred tax liabilities | (225,062) |  | (228,458) |  | (225,062) |  | (228,458) |
| Deferred tax liabilities-net | (193,405) |  | (195,138) |  | (194,212) |  | (198,273) |

Deferred tax assets (liabilities) in the statement of comprehensive income for the year ended December 31, 2019 are attributed to the following items:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Consolidated | | | | | | |
|  | | Balance per book |  | Revenue (expenses) during the year | | |  | Balance per book |
|  | | as at January  1, 2019 |  | In profit or loss |  | In other comprehensive income |  | as at December  31, 2019 |
| Deferred tax assets: | |  |  |  |  |  |  |  |
| Allowance for the decline in value of inventory, slow-moving and obsolete inventories | | 5,633 |  | (702) |  | - |  | 4,931 |
|  | Employee benefit obligations | 19,610 |  | 5,468 |  | 841 |  | 25,919 |
|  | Tax losses | 4,942 |  | (4,942) |  | - |  | - |
|  | Accrued tax rebate from export sales | 3,135 |  | (2,328) |  | - |  | 807 |
|  | Total | 33,320 |  | (2,504) |  | 841 |  | 31,657 |
| Deferred tax liabilities: | |  |  |  |  |  |  |  |
|  | Book depreciation under taxable depreciation | (96,956) |  | 3,396 |  | - |  | (93,560) |
|  | Gains on land revaluation | (131,502) |  | - |  | - |  | (131,502) |
|  | Total | (228,458) |  | 3,396 |  | - |  | (225,062) |
|  | Net | (195,138) |  | 892 |  | 841 |  | (193,405) |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | The Company Only | | | | | | |
|  | | Balance per book |  | Revenue (expenses) during the year | | |  | Balance per book |
|  | | as at January  1, 2019 |  | In profit or loss |  | In other comprehensive income |  | as at December  31, 2019 |
| Deferred tax assets: | |  |  |  |  |  |  |  |
|  | Allowance for the decline in value of inventory, |  |  |  |  |  |  |  |
|  | slow-moving and obsolete inventories | 5,633 |  | (702) |  | - |  | 4,931 |
|  | Employee benefit obligations | 19,610 |  | 5,468 |  | 841 |  | 25,919 |
|  | Tax losses | 4,942 |  | (4,942) |  | - |  | - |
|  | Total | 30,185 |  | (176) |  | 841 |  | 30,850 |
| Deferred tax liabilities: | |  |  |  |  |  |  |  |
|  | Book depreciation under taxable depreciation | (96,956) |  | 3,396 |  | - |  | (93,560) |
|  | Gains on land revaluation | (131,502) |  | - |  | - |  | (131,502) |
|  | Total | (228,458) |  | 3,396 |  | - |  | (225,062) |
|  | Net | (198,273) |  | 3,220 |  | 841 |  | (194,212) |

Deferred tax assets and temporary differences are recognised if the realisation of the tax benefit is probable.

**15. EMPLOYEE BENEFIT OBLIGATIONS**

The Group and its subsidiaries have obligations for employee benefits as follows :

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 2019 |  | 2018 |
| Defined benefit obligations, at the beginning of the year | 98,052 |  | 103,201 |
|  | |  |  |  |
| **Include in profit or loss:** | |  |  |  |
| Current service cost | | 13,771 |  | 12,832 |
| Past service cost | | 22,868 |  | - |
| Interest on obligation | | 2,692 |  | 2,412 |
|  | | 39,331 |  | 15,244 |
| **Include in other comprehensive income** | |  |  |  |
| Actuarial (gain) loss | |  |  |  |
| * Demographic assumptions | | 1,199 |  | - |
| * Financial assumptions | | 9,994 |  | - |
| * Experience adjustment | | (6,988) |  | - |
|  | | 4,205 |  | - |
|  | |  |  |  |
| Benefit paid | | (11,994) |  | (20,393) |
|  | | (11,994) |  | (20,393) |
|  | |  |  |  |
| Defined benefit obligations, at the end of the year | | 129,594 |  | 98,052 |

The Labor Protection Act was enacted in the Government Gazette on April 5, 2019, with additional compensation rates for employers terminating employment. For employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than the final rate of 400 days. The Group therefore revised in the project for post-employment benefits plan in 2019 to comply with the revised Labor Protection Act. From the revised of such project, the Group recognizes an increase in employee benefits obligations in the amount of Baht 22.87 million.

**Principal actuarial assumptions at the reporting date**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Percentage | | |
|  | Consolidated/The Company Only | | |
|  | 2019 |  | 2018 |
| Discount rate | 2.37 |  | 2.34 |
| Salary increase rate | 5.00 |  | 5.00 |
| Employee turnover rate | 0.00 - 16.00  (classification of age) |  | 0.00 - 16.00  (classification of age) |
| Mortality rate | 100% of Thai  mortality table 2017 |  | 100% of Thai mortality table 2017 |

**Sensitivity analysis**

The results of sensitivity analysis for significant assumptions that affect the present value of long-term employee benefit obligations as at December 31, 2019 are summarized below:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 1% increase |  | 1% decrease |
| Discount rate | (9,041) |  | 10,269 |
| Salary increase rate | 8,914 |  | (8,021) |
| Employee turnover rate | (9,608) |  | 5,758 |
| Mortality rate | 428 |  | (426) |

During the year 2019, the long-term interest rate was significantly reduced which affected the discount rate under the assumption made by the actuary from 2.37% to 1.46%. The Group considered recording the increase in employee benefit obligation of Baht 10.27 million and recognised the past service cost in other comprehensive income by the same amount. For sensitivity information analysis above, it may change from the previously presented data.

**Expected maturity analysis of retirement**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 2019 |  | 2018 |
| Within 1 year | 8,649 |  | 7,373 |
| More than 1 year but not over 5 year | 50,149 |  | 58,245 |
| More than 5 year | 513,264 |  | 425,715 |
| Total | 572,062 |  | 491,333 |

**16. LEGAL RESERVE**

Under the Public Limited Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**17. INCOME TAX EXPENSES**

17.1 Major components of income tax expenses

For the years ended December 31, 2019 and 2018 consisted of :-

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Income tax expense shown in profit or loss : |  |  |  |  |  |  |  |
| Current tax expense: |  |  |  |  |  |  |  |
| Income tax expense for the year | 4,121 |  | 5,660 |  | 3,883 |  | - |
| Deferred tax expense : |  |  |  |  |  |  |  |
| Changes in temporary differences relating |  |  |  |  |  |  |  |
| to the original recognition and reversal | (892) |  | 10,770 |  | (3,220) |  | 11,257 |
| Total | 3,229 |  | 16,430 |  | 663 |  | 11,257 |
| Income tax expense in relation to components of other comprehensive income : |  |  |  |  |  |  |  |
| Deferred tax expense : |  |  |  |  |  |  |  |
| Loss on estimate as per mathematic calculation | 841 |  | - |  | 841 |  | - |
| Total | 841 |  | - |  | 841 |  | - |

17.2 A numerical reconciliation between the income tax expense, the average effective tax rate and the applicable tax rate

For the years ended December 31, 2019 and 2018.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | |
|  | 2019 | | |  | 2018 | | |
|  | Tax amount (Thousand Baht) |  | Tax rate  (%) |  | Tax amount (Thousand Baht) |  | Tax rate  (%) |
| Accounting profit before tax expense for the year | 21,363 |  |  |  | 40,887 |  |  |
| Tax expense at the applicable tax rate | 3,863 |  | 20-30.9 |  | 8,502 |  | 20-30.9 |
| Reconciliation items: |  |  |  |  |  |  |  |
| Tax effect of expenses that are not deductible in  determining tax profit: |  |  |  |  |  |  |  |
| - Expenses not allowed as expenses in determining taxable profit | 1,908 |  | 8.93 |  | 4,073 |  | 9.96 |
| - Reversal of expire tax loss carry forward | - |  | - |  | 6,815 |  | 16.67 |
| Tax effect of income or profit that are not required in  determining taxable profit: |  |  |  |  |  |  |  |
| - Expenses deducted as expenses added in taxable | (2,542) |  | (11.90) |  | (2,960) |  | (7.24) |
| Total reconciliation items | (634) |  | (2.97) |  | 7,928 |  | 19.39 |
| Tax expense at the average effective tax rate | 3,229 |  | 15.11 |  | 16,430 |  | 40.18 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company only | | | | | | |
|  | 2019 | | |  | 2018 | | |
|  | Tax amount (Thousand Baht) |  | Tax rate  (%) |  | Tax amount (Thousand Baht) |  | Tax rate  (%) |
| Accounting profit before tax expense for the year | 12,217 |  |  |  | 22,336 |  |  |
| Tax expense at the applicable tax rate | 2,443 |  | 20.00 |  | 4,467 |  | 20.00 |
| Reconciliation items: |  |  |  |  |  |  |  |
| Tax effect of expenses that are not deductible in  determining tax profit: |  |  |  |  |  |  |  |
| - Expenses not allowed as expenses in determining taxable profit | 762 |  | 6.24 |  | 2,935 |  | 13.14 |
| - Reversal of expire tax loss carry forward | - |  | - |  | 6,815 |  | 30.51 |
| Tax effect of income or profit that are not required in determining taxable profit: |  |  |  |  |  |  |  |
| - Expenses deducted as expenses added in taxable | (2,542) |  | (20.81) |  | (2,960) |  | (13.25) |
| Total reconciliation items | (1,780) |  | (14.57) |  | 6,790 |  | 30.40 |
| Tax expense at the average effective tax rate | 663 |  | 5.43 |  | 11,257 |  | 50.40 |

**18. CAPITAL MANAGEMENT**

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

According to the consolidated balance sheet as at December 31, 2019 and 2018, the Company and subsidiaries’s debt-to-equity ratio was 0.72:1 and 0.74:1, respectively.

According to the separate balance sheet as at December 31, 2019 and 2018, the Company’s debt-to-equity ratio was 0.73:1

**19. DEVIDEND PAID**

At the Company’s Annual General Shareholders’ Meeting on April 25, 2019, the meeting has approved a dividend payment from the operating results for the year 2018 of Baht 0.57 per share, totaling Baht 12.16 million. This dividend was paid May 17, 2019.

At the Company’s Annual General Shareholders’ Meeting on April 26, 2018, the meeting has approved a dividend payment from the operating results for the year 2017 of Baht 1.55 per share, totaling Baht 33.06 million. The dividend was paid on May 18, 2018.

**20. BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributed to shareholder by the weighted average number of ordinary shares in issue, which is 21,330,715 shares during the years ended December 31, 2019 and 2018. The Group has no dilutive instruments in issue.

**21. EXPENSES BY NATURE**

The following significant expenditure items for the years ended December 31, 2019 and 2018 classified by nature, have been charged in profit before income tax:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Changes in finished goods |  |  |  |  |  |  |  |
| and work in process | (15,718) |  | (80,049) |  | (18,779) |  | (94,651) |
| Raw material and consumables used | 378,769 |  | 433,065 |  | 378,769 |  | 433,065 |
| Employee expenses | 532,356 |  | 541,328 |  | 511,048 |  | 517,864 |
| Energy expenses | 335,419 |  | 404,614 |  | 335,370 |  | 404,565 |
| Depreciation and amortisation | 161,152 |  | 154,958 |  | 160,611 |  | 154,466 |
| Repair and maintenance expenses | 131,370 |  | 122,044 |  | 130,891 |  | 121,790 |
| Other expenses | 353,723 |  | 414,247 |  | 345,726 |  | 375,679 |
|  | 1,877,071 |  | 1,990,207 |  | 1,843,636 |  | 1,912,778 |

**22. PROVIDENT FUND**

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the CIMB-Principal Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund’s policy. For the years ended December 31, 2019 and 2018, the Company contributed to the fund totaling Baht 11.28 million and Baht 11.63 million, respectively.

**23. SEGMENT INFORMATION**

The Company produces and sells table software for both domestic and export markets, utilising the same assets. The Company has one reportable segment which is the factory. Reporting segment is referred from internal report of the Group which is reviewed by the managing director how to allocate resources and in assessing performance.

Managing director considers performance of reporting segments from the profit from operation.

Sales by geographic for the years ended December 31, 2019 and 2018 are as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Domestic sales | 496,087 |  | 526,078 |  | 495,174 |  | 525,766 |
| Export sales | 1,371,121 |  | 1,494,554 |  | 1,329,526 |  | 1,398,915 |
| Total | 1,867,208 |  | 2,020,632 |  | 1,824,700 |  | 1,924,681 |

**24. FINANCIAL INSTRUMENTS**

**24.1 Financial risk factors**

The Group’s activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by Group’s treasury under policies approved by the board of directors. The Group’s treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

**24.2 Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts, transacted with the Group’s treasury, to hedge their exposure to foreign currency risk in connection with measurement currency. The Group’s treasury is responsible for hedging the net position in each currency by using currency borrowings and external forward currency contracts.

Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to manage exposure to fluctuations in foreign currencies of trade receivables, other receivables, trade payables and other payables denominated in foreign currencies.

As at December 31, 2019 and 2018, the Company had forward foreign exchange contracts with maturities of less than 1 year as follows:

(Unit : Million Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Fair value | | |
|  | Consolidated / The Company Only | | |
|  | 2019 |  | 2018 |
| Forward foreign exchange contracts |  |  |  |
| USD 12.93 million (Baht 30.04 - 30.18 per USD 1) | 387.48 |  |  |
| USD 9.98 million (Baht 29.97 - 30.14 per USD 1) | 296.85 |  |  |
| YEN 4.13 million (Baht 29.19 per YEN 100) | 1.14 |  |  |
| USD 1.73 million (Baht 32.19 - 33.21 per USD 1) |  |  | 55.71 |
| USD 1.68 million (Baht 32.28 - 33.17 per USD 1) |  |  | 54.31 |

**24.3 Interest rate risk**

The Group’s income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets.

The Group is exposed to interest rate risk primarily relating to its borrowings bearing interest. However, since most of the financial liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

**24.4 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

**24.5 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to manage risk. Due to the dynamic nature of the underlying business, the Group’s treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

**24.6 Accounting for derivative financial instruments**

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are recognised at fair value. At the end of each reporting period, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of derivative financial instruments is their quoted market price at the reporting date, being the present value of the quoted derivative price.

**24.7 Fair value estimation**

Analyses of financial instruments are carried at fair value by the valuation method. The different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Net fair values

The carrying amounts of cash and cash equivalents, trade receivables, other short-term receivables, trade payables and other short-term payables, their fair values due to the short-term maturity period.

The carrying amounts of long-term loans from financial institutions are approximate to their fair values due to floating interest rates. The long-term loans from financial institutions with fixed interest rate, their fair values approximate the carrying amounts because the average interest rate at the financial position date that is offered to the loans with the similar terms and conditions to the Group are approximate to the fixed rates specified in the contracts.

The fair values of open forward foreign exchange contracts as at December 31, 2019 were stated as net assets of Baht 4.86 million (2018 : net assets of Baht 1.60 million).

The fair value of forward foreign exchange contracts is determined by the market rate of each contract, which is calculated by financial institutions dealing with the Group at the date of the statement of financial position.

The fair values of derivative financial instruments, which are cross currency swap contracts, are the market prices adjusted by credit risk of the Group which is calculated by the financial institution of the Group as at the statement of financial position date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The instrument is included in level 2.

**25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

|  | (Unit : Thousand Baht) | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated/The Company Only | | | | | | | | | | | | |
|  | Balance |  | Cash flows |  | Non-cash transaction | | | | | | |  | Balance |
|  | as at January |  | Increase |  | Increase |  | Acquisition |  | Translation |  | Differences |  | as at December |
|  | 1, 2019 |  | (decrease)\* |  |  |  | of subsidiary |  | on exchange rate |  | on translation |  | 31, 2019 |
|  |  |  |  |  |  |  |  |  |  |  | of financial |  |  |
|  |  |  |  |  |  |  |  |  |  |  | statements |  |  |
| Short-term borrowings from financial institutions | 585,000 |  | 70,000 |  | - |  | - |  | - |  | - |  | 655,000 |
| Long-term borrowings from financial institutions | 185,373 |  | (83,081) | ( | - |  | - |  | - |  | - |  | 102,292 |
| Total | 770,373 |  | (13,081) | ( | - |  | - |  | - |  | - |  | 757,292 |

|  | (Unit : Thousand Baht) | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated/The Company Only | | | | | | | | | | | | |
|  | Balance |  | Cash flows |  | Non-cash transaction | | | | | | |  | Balance |
|  | as at January |  | Increase |  | Increase |  | Acquisition |  | Translation |  | Differences |  | as at December |
|  | 1, 2018 |  | (decrease)\* |  |  |  | of subsidiary |  | on exchange rate |  | on translation |  | 31, 2018 |
|  |  |  |  |  |  |  |  |  |  |  | of financial |  |  |
|  |  |  |  |  |  |  |  |  |  |  | statements |  |  |
| Short-term borrowings from financial institutions | 110,000 |  | 475,000 |  | - |  | - |  | - |  | - |  | 585,000 |
| Long-term borrowings from financial institutions | 426,213 |  | (240,840) |  | - |  | - |  | - |  | - |  | 185,373 |
| Total | 536,213 |  | 234,160 |  | - |  | - |  | - |  | - |  | 770,373 |

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

**26. COMMITMENTS AND CONTINGENT LIABILITIES**

**26.1 Operating lease commitments - where a Group company is the lessee**

26.1.1 The Group has entered into a non-cancellable operating lease for office building with facilities, office equipment and vehicles. The future aggregate minimum lease payments under the non-cancellable operating leases are as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| Not later than 1 year | 45,448 |  | 20,087 |  | 44,550 |  | 17,710 |
| Later than 1 year and not later |  |  |  |  |  |  |  |
| than 5 years | 39,406 |  | 10,998 |  | 39,406 |  | 10,015 |
| Total | 84,854 |  | 31,085 |  | 83,956 |  | 27,725 |

26.1.2 The Company entered into an agreement of buy/sell natural gas with 2 years period. The Company is required to pay for natural gas usage and pipe rental by month at a negotiated price as specified in the agreement.

**26.2 Bank guarantees**

As at December 31, 2019, the Group had outstanding letters of guarantee of Baht 25.53 million issued by local financial institutions as collaterals for sales of goods and electrical usage (2018 : Baht 23.49 million).

**26.3 Capital commitments**

As at December 31, 2019, the Group had capital commitments amounting to Baht 184.65 million (2018 : Baht 88.35 million).

**27. RECLASSIFICATION**

Certain transactions in the financial statements for the year ended December 31, 2018 have been reclassified to conform to the classifications in the year ended December 31, 2019, with no effect on previously reported on net income or shareholders’ equity.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | | | | | |
|  | For the year ended December 31, 2018 | | | | | | | | | | |
|  | Consolidated | | | | |  | The Company Only | | | | |
|  | As previously reported |  | Reclassified |  | After reclassified |  | As previously reported |  | Reclassified |  | After reclassified |
| The statements of comprehensive income |  |  |  |  |  |  |  |  |  |  |  |
| Cost of goods sold | 1,385,466 |  | (19,736) |  | 1,365,730 |  | 1,337,856 |  | (19,736) |  | 1,318,120 |
| Selling expenses | 357,680 |  | (10,424) |  | 347,256 |  | 337,705 |  | (10,424) |  | 327,281 |
| Administrative expenses | 118,987 |  | 30,160 |  | 149,147 |  | 109,143 |  | 30,160 |  | 139,303 |

**28. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2020.