

Crown Seal Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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 a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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 30 September		For the nine-month periods ended 30 September		
	2021	2020	2021	2020	Pricing policy
<u>Transactions with related companies</u>					
Sales of caps	210,423	231,137	645,163	649,842	Cost plus margin
Service income from printing sheets	14,599	13,294	39,423	88,336	Cost plus margin and contract price
Rental income	563	563	1,689	1,676	Contract price
Sales of raw materials and spare parts	396	364	1,032	2,072	Market price
Administrative income	2,864	2,847	12,704	19,452	Contract price
Dividend income	-	-	-	390	As declared
Purchases of raw materials and spare parts	6,282	4,684	17,549	13,534	Cost plus margin
Purchases of equipment	221	196	3,638	3,185	Cost plus margin
Royalty fee expense	2,182	3,693	7,957	9,050	A percentage of net sales of each product
Claim payment for damaged goods	823	704	2,695	1,216	At cost
Dividend paid	-	-	86,668	137,266	As declared

(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 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Short-term employee benefits	8,223	7,700	24,674	22,425
Post-employment benefits	156	84	468	251
Total	8,379	7,784	25,142	22,676

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

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
Trade accounts receivable - related parties	110,572	114,621
Other receivables - related parties	2,633	3,245
Trade accounts payable - related parties	951	838
Other payables - related parties	8,722	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	8,685	9,430

3. Cash and cash equivalents

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
Cash	142	180
Bank deposits	189,422	228,036
Total	189,564	228,216

As at 30 September 2021, bank deposits in saving accounts and fixed deposits carried interests between 0.04% to 0.13% per annum (31 December 2020: 0.01% to 0.20% per annum)

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	100,391	95,272
Past due		
Up to 3 months	10,181	19,349
Total trade accounts receivable - related parties	110,572	114,621
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	258,022	227,745
Past due		
Up to 3 months	82,983	119,031
3 - 6 months	24,548	17,810
6 - 12 months	436	-
Over 12 months	21	11
Total trade accounts receivable - unrelated parties	366,010	364,597
Less: Allowance for expected credit losses	(371)	-
Trade accounts receivable - unrelated parties, net	365,639	364,597
<u>Other receivables - related parties</u>		
Accrued income	2,633	3,245
Total other receivables - related parties	2,633	3,245
<u>Other receivables - unrelated parties</u>		
Advances	2,487	1,420
Compensation received from suppliers	21	975
Receivable from scrap sales	2,120	256
Others	3,248	1,048
Total other receivables - unrelated parties	7,876	3,699
Total trade and other receivables	486,720	486,162

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

Movements in the allowance for diminution in values of inventories account during the nine-month period ended 30 September 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	(25,386)
Increase during the period	25,236
Net book value as at 30 September 2021	<u>21,338</u>

6. Other current financial assets

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
<u>Debt instruments at amortised cost</u>		
Bank deposits with maturity over 3 months	<u>954,005</u>	<u>1,053,998</u>

As at 30 September 2021, short-term deposits with financial institutions carried interest between 0.10% to 0.70% per annum (31 December 2020: 0.15% to 0.75% per annum).

7. Other non-current financial assets

(Unit: Thousand Baht)

	30 September 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	361	384
Total equity instruments designated at FVTPL	<u>361</u>	<u>384</u>
Total other non-current financial assets	<u>10,385</u>	<u>10,408</u>

8. Investment properties

No movement of the investment properties account during the nine-month period ended 30 September 2021.

During the three-month and nine-month periods ended 30 September 2021 and 2020, rental income derived from investment property amounted to Baht 0.6 million and Baht 1.7 million, respectively (2020: Baht 0.5 million and Baht 1.6 million, respectively).

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)	
	30 September 2021	31 December 2020
Within 1 year	993	993
Over 1 and up to 5 years	3,970	3,972
Over 5 years	4,715	5,458
Total	<u>9,678</u>	<u>10,423</u>

9. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	1,493,393
Acquisitions during period - at cost	234,223
Disposal/write-off during period - net book value	(2,281)
Depreciation for the period	<u>(142,747)</u>
Net book value as at 30 September 2021	<u>1,582,588</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 30 September 2021 was Baht 42 million (31 December 2020: Baht 45 million).

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

Movements of right-of-use assets for the nine-month period ended 30 September 2021 were summarised below:

(Unit: Thousand Baht)

Net book value as at 1 January 2021	19,868
Acquisitions during period - at cost	14,505
Depreciation for the period	(11,436)
Net book value as at 30 September 2021	<u>22,937</u>

Lease liabilities

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
Lease payments	23,458	20,465
Less: Deferred interest expenses	(345)	(495)
Lease liabilities	23,113	19,970
Less: Portion due within one year	(14,223)	(10,323)
Lease liabilities - net of current portion	<u>8,890</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 30 September 2021 are Baht 1,045 million (31 December 2020: Baht 1,075 million). Such facilities are unsecured.

12. Trade and other payables

(Unit: Thousand Baht)

	30 September 2021	31 December 2020
Trade accounts payables - related parties	951	838
Trade accounts payables - unrelated parties	336,424	378,418
Other payables - related parties	8,722	9,927
Other payables - unrelated parties	48,053	36,984
Accrued expenses	75,262	34,901
Total	<u>469,412</u>	<u>461,068</u>

(Unaudited but reviewed)

13. Dividends paid

	Approved by	Total dividends (Thousand Baht)	Dividend per preferred share (Baht)	Dividend per ordinary share (Baht)
Final dividends for 2019	Board of Director Meeting No. 2/2563 on 10 April 2020	172,800	4.75	3.25
	Annual General Meeting of shareholders on 11 June 2020	34,320	0.65	0.65
Total dividends for 2020		207,120	5.40	3.90
Final dividends for 2020	Annual General Meeting of shareholders on 23 April 2021	130,559	3.95	2.45
Total dividends for 2021		130,559	3.95	2.45

The actual dividend paid for the year 2021 amounted to Baht 128.39 million (2020: Baht 203.67 million) since the remaining dividend related to the securities holders that did not comply with the regulations of the securities depository.

14. 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 30 September		For the nine-month periods ended 30 September	
	2021	2020	2021	2020
Current income tax:				
Interim corporate income tax charge	8,149	17,929	34,161	43,369
Deferred tax:				
Relating to origination and reversal of temporary differences	150	1,049	(220)	2,036
Income tax expense reported in the statement of income	8,299	18,978	33,941	45,405

15. 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.

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

For the three-month periods ended 30 September						
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)	
Basic earnings per share						
Profit for the period	43,214	79,324	52,001	52,001	0.83	1.53
Effect of dilutive potential ordinary shares						
Convertible preferred shares	-	-	799	799		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion to ordinary shares	43,214	79,324	52,800	52,800	0.82	1.50
For the nine-month periods ended 30 September						
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)	
Basic earnings per share						
Profit for the period	164,134	204,556	52,001	52,001	3.16	3.93
Effect of dilutive potential ordinary shares						
Convertible preferred shares	-	-	799	799		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion to ordinary shares	164,134	204,556	52,800	52,800	3.11	3.87

16. 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 for the three-month and nine-month periods ended 30 September 2021 and 2020, respectively.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September					
	Manufacture		Hire of printing		Total	
	and sale of caps		sheets for can			
	2021	2020	2021	2020	2021	2020
Sales and service income	679,992	718,610	15,099	14,185	695,091	732,795
Operating results						
Segment profit	87,151	129,484	2,408	3,790	89,559	133,274
Unallocated income and expenses						
Finance income					1,617	1,610
Other income					13,534	10,899
Administrative expenses					(53,101)	(47,420)
Finance cost					(96)	(61)
Profit before income tax expense					51,513	98,302
Income tax expense					(8,299)	(18,978)
Profit for the period					43,214	79,324

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September					
	Manufacture		Hire of printing		Total	
	and sale of caps		sheets for can			
	2021	2020	2021	2020	2021	2020
Sales and service income	2,074,502	1,991,394	40,523	90,801	2,115,025	2,082,195
Operating results						
Segment profit	314,256	341,602	6,973	23,470	321,229	365,072
Unallocated income and expenses						
Finance income					5,043	7,995
Other income					38,643	38,295
Administrative expenses					(166,523)	(161,194)
Finance cost					(317)	(207)
Profit before income tax expense					198,075	249,961
Income tax expense					(33,941)	(45,405)
Profit for the period					164,134	204,556

17. 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)

	30 September 2021	31 December 2020
<u>Foreign Currency</u>		
Baht	35.12	13.93
Euro	0.09	1.93
Yen	17.65	-

- b) As at 30 September 2021, the Company has bank guarantees issued by a bank on behalf of the Company of Baht 10.3 million (31 December 2020: Baht 10.2 million) for guarantee of electricity usage for guarantee of electricity usage and Baht 0.1 million for the purchase-sell agreements with a state agency (31 December 2020: Baht 0.2 million).

18. Financial Instrument**18.1 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.

18.2 Fair value hierarchy

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

(Unit: Million Baht)

		30 September 2021			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
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
Liabilities measured at fair value					
Derivatives - Foreign currency forward contracts		-	4	-	4

(Unaudited but reviewed)

(Unit: Million Baht)

		31 December 2020			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
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.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2021.