

Independent Auditor's Report and Financial Statements of

Sahamitr Pressure Container Public Company Limited

For the Year Ended 31 December 2019



INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Sahamitr Pressure Container Public Company Limited

Opinion

I have audited the financial statements of Sahamitr Pressure Container Public Company Limited, which comprise the statements of financial position as at 31 December 2019, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sahamitr Pressure Container Public Company Limited as at 31 December 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I determine that there are no key audit matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and revised a material misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Mr. Teerasak Chuasrisakul

Certified Public Accountant

Registration No. 6624

Grant Thornton Limited

Bangkok

21 February 2020

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

ASSETS

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
CURRENT ASSETS			
Cash and cash equivalents	6	12,683	79,109
Short-term investment	7	157,165	90,724
Trade accounts receivable	8	456,560	431,717
Inventories	9	633,344	880,371
Refundable value added tax		10,546	23,302
Other current assets		22,800	17,371
Total Current Assets		1,293,098	1,522,594
NON-CURRENT ASSETS			
Restricted deposits with banks	10	36,502	36,289
Investment property	11	59,780	59,780
Property, plant and equipment	12	1,070,820	1,076,545
Deferred tax asset	23	12,252	9,204
Other non-current assets		432	432
Total Non-Current Assets		1,179,786	1,182,250
TOTAL ASSETS		2,472,884	2,704,844

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
CURRENT LIABILITIES			
Short-term loans from bank	13	141,603	543,371
Trade accounts payable		312,485	148,483
Current portion of finance lease liabilities	14	3,301	1,367
Advances received from customers		6,360	13,605
Accrued commission expenses		28,882	66,420
Accrued transportation expenses		19,279	16,386
Accrued income tax		38,607	65,442
Other accrued expenses		29,262	39,381
Other current liabilities		6,990	5,742
Total Current Liabilities		586,769	900,197
NON-CURRENT LIABILITIES			
Finance lease liabilities	14	-	3,301
Liabilities under post-employment benefits	5, 15	54,350	39,547
Total Non-Current Liabilities		54,350	42,848
Total Liabilities		641,119	943,045

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		Thousand Baht	
	Notes	31 December 2019	31 December 2018
SHAREHOLDERS' EQUITY			
Share capital-ordinary shares, Baht 1 par value			
Authorized 535,506,333 shares			
(2018 : 536,405,305 shares)	16	535,506	536,405
Issued and fully paid-up 535,506,333 shares	17	535,506	535,506
Premium on share capital	17	55,091	55,091
Retained earnings			
- Appropriated for legal reserve	19	53,641	53,641
- Unappropriated		1,187,527	1,117,561
TOTAL SHAREHOLDERS' EQUITY		1,831,765	1,761,799
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,472,884	2,704,844

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	Notes	Thousand Baht	
		2019	2018
Revenue from sales and services	21, 24	3,255,959	4,452,928
Costs of sales and services	24, 25	(2,588,868)	(3,508,987)
Gross profit		667,091	943,941
Other income	22	175,637	243,949
Profit before expense		842,728	1,187,890
Selling expenses	25	(179,091)	(288,423)
Administrative expenses	15, 25	(186,206)	(189,766)
Profit before finance costs and income tax		477,431	709,701
Finance costs		(13,652)	(13,502)
Profit before income tax		463,779	696,199
Income tax	23	(88,580)	(137,781)
PROFIT FOR THE YEAR		375,199	558,418
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		375,199	558,418
Basic earnings per share			
Profit (Baht per share)		0.70	1.05
Weighted average number of common shares (share)		535,506,333	533,857,757

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER

	Notes	Thousand Baht					
		Share Capital Issued and fully paid - up	Premium on share capital	Capital reserve for share-based payment transactions	Retained earnings		Total
					Appropriated for legal reserve	Unappropriated	
Balance as at 1 January 2018		531,987	34,746	2,640	53,641	905,978	1,528,992
Recognition of share-base payment	17	-	147	668	-	-	815
Share capital increment	17	3,519	20,198	(3,308)	-	-	20,409
Dividend payment	18	-	-	-	-	(346,835)	(346,835)
Transactions with owners		3,519	20,345	(2,640)	-	(346,835)	(325,611)
Profit for the year		-	-	-	-	558,418	558,418
Total comprehensive income for the year		-	-	-	-	558,418	558,418
Balance as at 31 December 2018		535,506	55,091	-	53,641	1,117,561	1,761,799
Balance as at 1 January 2019		535,506	55,091	-	53,641	1,117,561	1,761,799
Dividend payment	18	-	-	-	-	(305,233)	(305,233)
Transactions with owners		-	-	-	-	(305,233)	(305,233)
Profit for the year		-	-	-	-	375,199	375,199
Total comprehensive income for the year		-	-	-	-	375,199	375,199
Balance as at 31 December 2019		535,506	55,091	-	53,641	1,187,527	1,831,765

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The accompanying notes form an integral part of these financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	Thousand Baht	
	2019	2018
Cash flows from operating activities:		
Profit before income tax	463,779	696,199
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:		
Depreciation	60,196	56,945
Unrealized loss (gain) on exchange rate	872	(4,788)
Provision for post-employment benefits	17,612	2,722
Gain on fair value adjustment of investment property	-	(6,300)
Loss on disposal and written off assets	993	233
Reversal of liabilities	(934)	-
Expense for share-based payments	-	815
Unrealized gain on short-term investment	(48)	-
Gain on disposal of short-term investment	(1,430)	(324)
Interest expense	13,652	13,502
Cash provided from operations before changes in operating assets and liabilities	554,692	759,004
Decrease (increase) in operating assets:		
Trade accounts receivable	(26,178)	120,379
Inventories	247,027	(179,114)
Refundable value added tax	12,756	1,816
Other current assets	(5,429)	(4,619)
Increase (decrease) in operating liabilities:		
Trade accounts payable	164,004	(221,770)
Advances received from customers	(7,126)	(1,065)
Accrued commission expenses	(36,646)	22,356
Accrued transportation expenses	2,893	(7,450)
Other accrued expenses	(9,868)	(5,495)
Other current liabilities	423	(4,131)
Employee benefit paid	(4,799)	(2,669)
Cash provided from operations	891,749	477,242

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER

	Thousand Baht	
	2019	2018
Cash provided from operations (continue)	891,749	477,242
Interest paid	(11,913)	(11,918)
Proceeds from withholding tax refundable	-	1,199
Income tax deducted at sources paid	(572)	(328)
Income tax paid	(117,891)	(140,694)
Net cash provided from operating activities	761,373	325,501
Cash flows from investing activities:		
Purchase of short-term investment	(1,406,800)	(236,400)
Proceeds from disposal of short-term investment	1,341,837	146,000
Increase in restricted deposits with bank	(213)	(211)
Proceeds from disposal of assets	33	789
Purchase of property, plant and equipment	(55,497)	(201,368)
Net cash used in investing activities	(120,640)	(291,190)
Cash flows from financing activities:		
Increase (decrease) in short-term loans from bank	(401,384)	252,836
Repayment of finance lease liabilities	(1,367)	(1,329)
Dividend payment	(304,408)	(346,039)
Proceeds from the exercise of share purchase warrants	-	20,409
Net cash used in financing activities	(707,159)	(74,123)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(66,426)	(39,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	79,109	118,921
CASH AND CASH EQUIVALENTS AT END OF YEAR	12,683	79,109

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

1. NATURE OF BUSINESS

Sahamitr Pressure Container Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 92, Soi Thientalay 7, 4th intersection, Bangkhunthien - Chaitalay Road, Samaedam, Bangkhunthien, Bangkok, Thailand.

The Company was incorporated as a limited public company in Thailand, and was listed on the Stock Exchange of Thailand on 3 December 1991.

The Company's major shareholders during the financial year were Mrs. Patama Laowong (19.60% shareholding) and Mr. Thamik Ekahitanond (10.15% shareholding).

The Company is engaged in the manufacturing of LPG and other pressure cylinders for both domestic and export sales. In addition, the Company also provides services for container repairs and quality testing for each country's standards.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

2.2 New and revised financial reporting standards, interpretations and guidance

During the year, The Federation of Accounting Professions has revised and issued Thai Financial Reporting Standards (TFRS), interpretations and guidance as follow:

2.2.1 Amendments and interpretations to the Standards that are effective from 1 January 2019

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Thai Financial Reporting Standard No.15 Revenue from Contract with Customers (TFRS 15)

Thai Financial Reporting Standard No.15 “Revenue from Contract with Customers” (TFRS 15) presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue” (“TAS 18”), Thai Accounting Standard No. 11 “Construction Contracts” (“TAS 11”), and several revenue-related Interpretations.

The Company has initial applied TFRS 15 Revenue from Contract with Customers and disclosed the detail of accounting policies in note 3 to the financial statements.

From 1 January 2019, the Company has adopted TFRS 15 Revenue from Contracts with Customers. The effect of initially applying this standard only to contracts that were not completed before 1 January 2019 as an adjustment to the retained earnings as at 1 January 2019. Therefore, the Company has not restated the information presented for 2018.

2.2.2 Amendments and interpretations to the Standards that are effective from 1 January 2020

Thai Financial Reporting Standard No.16 “Leases” (TFRS 16)

TFRS 16, that describes the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. The new standard defines the requirements for leases will be recorded in the statement of financial position in the form of right-of-use asset and a lease liability except short-term leases agreement which period less than 12 months or low value of asset and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

Under the Thai Financial Reporting Standard No. 16, no significant changes to the accounting for lessors.

The Company will adopt this new standard when they become effective, and the Company’s management assesses that it will impact to the financial statements. Therefore, the Company must recognize the right-of-use assets and lease liabilities for the assets currently treated as operating leases including that the Company must record the depreciation from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements. As at 31 December 2019, the Company’s future minimum without discount lease payments under non-cancellable operating leases amounted to Baht 4.86 million. By using the modified retrospective approach and recognize the right-of-use assets and lease liabilities at the first adoption in which this method will have no effect to the retained earnings as at 1 January 2020 and no restatement to the comparative information.

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Thai Financial Reporting Standards related to Financial instruments

Thai Financial Reporting Standard No. 9 "Financial instruments" (TFRS 9) and group of Thai Financial Reporting standards related to financial instruments, present new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which are currently effective.

The Company will adopt these new standards when they become effective, and the Company's management assesses that no significant impact on the financial statements.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis at each reporting date.

Items	Measurement bases
Investment property	Fair value
Liabilities under post-employment benefits	Present value of the employee benefit obligation as explained in note 15 to the financial statements

2.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash at banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

Short-term investment

Marketable securities held-for-trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

The fair value of investments is based on the net asset value of the mutual fund at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Trade accounts receivable and allowance for doubtful accounts

A receivable is recognized when the Company has an unconditional right to receive consideration. If revenue has been recognized before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade accounts receivable are presented at the net realizable value. The Company record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

Related parties

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

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

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Inventory

Inventories are valued at the lower of cost or net realizable value, by the following methods:

Finished goods and work in process	At cost (average method)
Raw materials and others	At cost (specific and first - in, first - out method)

Net realizable value is the estimated selling price in the ordinary course of the business less the marginal cost to complete (for work in process) and other estimated costs necessary to make the sale.

Cost of purchase consists of purchasing price and other related direct cost, net of discounts and others (if any).

Costs of finished goods and work in process consist of raw materials, direct labour, other direct expenses and overhead which are allocated based on the production process.

The Company sets up allowance for decline value of inventories (if any), based on their current status such as slow-moving and defective.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

Cost is measured by the cash or cash equivalent price of obtaining the asset that bring it to the location and condition necessary for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/expense in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

	Years
Land improvements	10
Buildings and improvements	20 - 40
Machinery and equipment	3 - 20
Furniture, fixtures and office equipment	3 - 10
Vehicles	5

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property where the future use has not been determined.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at its fair value estimated by an independent appraiser, and recognize changes in the fair value in profit or loss.

Subsequent expenditure is capitalised to the asset carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest rate.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Long-term leases - Company as lessee

Leases of vehicle where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets under finance leases are capitalized at the fair value or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the outstanding finance balance. Future lease payments, net of financial charges, are recognized as liabilities under finance lease agreements. The financial charge is recognized in the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over their useful lives.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statement of profit or loss on a straight-line basis over the lease period. When an operating lease is terminated before the expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and other rebates.

Sale of goods and services rendered

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Freight income is recognized over time. The related costs are recognized in profit or loss when they are incurred.

Interest income

Interest income is recognized in profit or loss on an accrual basis.

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Foreign currencies

Foreign currency transactions are translated into the functional currency (Thai Baht), using the exchange rate prevailing at the dates of the transactions (spot exchange rate).

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in profit or loss as incurred.

Income tax

The computation of corporate income tax in compliance with the Revenue Code, is based on the taxable profit for the year after adding back expenses that are not deductible in determining taxable profit and the deduction of exempted income, according to the Revenue Code.

Current income tax

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts used for income tax computation purposes. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, using tax rate enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that the related tax benefit will be realized.

Employee benefits

Salaries, wages, bonuses and contribution to the social security are recognized as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a contributory provident fund plan whereby monthly contributions are made by employees and by the Company. The fund assets are held in a separate trust fund. The Company's contributions are recognized as expenses when incurred.

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The Company has obligations in respect of the severance payments for employees upon retirement under the Labour Law.

Share-based payments

Basic earnings per share

Dividend payment

Segment reporting

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

4.1.1 Revenue

The Company exercise critical judgments consideration the agreements between two or more parties to assess rights of parties and performance obligations of each party in the part of goods and services that have been promised to the customer. The Company separates revenue from sales LPG and other pressure cylinders by recognized at point in time and the Company also has revenue from services for container repairs and freight income required from customers by recognized at overtime.

4.1.2 Impairment of receivables

The Company accounts for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on uncertainty in the collection as considered by the management.

4.1.3 Allowance for decline in value of inventories

The Company estimates an allowance for slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on the consideration of inventory turnover and deterioration of each inventory category.

4.1.4 Property, plant and equipment and computer software

Management regularly determines the estimated useful lives and residual values of property, plant and equipment and computer software, and will revise the depreciation and the amortization charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if asset is no longer in used.

4.1.5 Investment property

The fair value of investment property is determined by an independent valuer using the market approach. The valuation involves certain assumptions and estimates.

4.1.6 Post-employment benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

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4.1.7 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.2 Capital risk management

The Company's objectives in the management of capital is to safeguard its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

5. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

As at 31 December 2019 and 2018, the key management personnel compensation are as follows:

	Thousand Baht	
	2019	2018
Liabilities under post-employment benefits	19,891	8,781

Significant transactions with related parties for the years ended 31 December 2019 and 2018 consist of:

	Pricing Policy	Thousand Baht	
		2019	2018
Land rental - related parties	Contract rate	1,200	1,200
<u>Key management personnel compensation</u>			
Current employment benefits		73,863	82,388
Provision for post-employment benefits			
- Service cost		476	369
- Finance cost		399	295
- Past service cost		2,985	-
Expense for share-based payments		-	159
Total		<u>77,723</u>	<u>83,211</u>

6. CASH AND CASH EQUIVALENTS

	Thousand Baht	
	2019	2018
Cash	177	165
Saving accounts with banks	5,589	72,911
Current accounts with banks	6,917	6,033
Total	<u>12,683</u>	<u>79,109</u>

7. SHORT-TERM INVESTMENT

Movements in the short-term investment for the years ended 31 December 2019 and 2018 are summarized below.

	Thousand Baht	
	2019	2018
Balance as at 1 January	90,724	-
<u>Add</u> Addition	1,406,800	236,400
<u>Less</u> Disposals	(1,340,407)	(146,000)
Unrealized gain on short-term investment	48	324
Balance as at 31 December	<u>157,165</u>	<u>90,724</u>

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The Company has invested in an open-end mutual fund which yields a return more than general savings deposits. The investment does not have any restriction for redemption and has been classified as held-for-trading.

Measurement of fair value

The fair market value is based on the price quoted by the fund manager which is based on the fair value of the underlying investments held by the fund (Level 2).

8. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2019 and 2018, the aged trade accounts receivable are as follows:

	Thousand Baht	
	2019	2018
Not yet due	350,352	303,459
Over due		
Less than 3 months	106,208	122,315
More than 3 months, not over 6 months	-	332
More than 6 months, not over 12 months	-	5,599
More than 12 months	-	12
Total	456,560	431,717

The normal credit term is between 30 days and 90 days.

9. INVENTORIES

	Thousand Baht	
	2019	2018
Raw materials and others	529,444	802,857
Work in process	50,730	36,281
Finished goods	53,826	41,889
Total	634,000	881,027
<u>Less</u> Allowance for decline in value of inventories	(656)	(656)
Net	633,344	880,371

During the years ended 31 December 2019 and 2018, inventories recognized as an expense in cost of sales of Baht 2,588.87 million and Baht 3,508.99 million, respectively.

10. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2019 and 2018, the Company's fixed and saving deposits totalling Baht 36.50 million and Baht 36.29 million, respectively, are restricted for usage as they have been pledged as collaterals for letters of guarantee issued by a local bank for utilities usage, performance bond, and for loan from bank.

11. INVESTMENT PROPERTY

As at 31 December 2019 and 2018, the outstanding balances of investment property are as follows:

	Thousand Baht	
	2019	2018
Land	35,200	35,200
Land and construction	24,580	24,580
Total	59,780	59,780

Investment property comprise land and construction not occupied by the Company, and property where the future use has not been determined.

During the years ended 31 December 2019 and 2018, movement of the investment property are as follows:

	Thousand Baht	
	2019	2018
Net book value as at 1 January	59,780	53,480
Gain on fair value adjustment for the year	-	6,300
Net book value as at 31 December	59,780	59,780

Measurement of fair value

The fair value of investment property is determined by external independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and have been approved by The Securities and Exchange Commission. An independent valuation is performed at least every three years, or when management determines that there is a material change in the fair value. During the year, fair value of properties was not change (2018 : revalued resulting in a gain of Baht 6.30 million). The independent appraisers applied a market approach by comparing the value to market price of other property in the nearby location (Level 2). The Company recognized changes in the fair value of investment property in profit or loss for the year.

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Investment property amounting to Baht 58.18 million has been mortgaged as collateral for credit facility as discussed in Notes 13 and 26 to the financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Thousand Baht						
	Land and improvement	Building and improvement	Machinery and equipment	Furniture fixtures and office Equipment	Vehicles	Machinery under installation and construction in progress	Total
<u>Cost</u>							
1 January 2018	202,121	462,498	809,359	40,129	57,297	55,386	1,626,790
Acquisitions	105,025	38	39,816	453	-	56,036	201,368
Disposals / write-off	-	-	(6,648)	(798)	(3,408)	-	(10,854)
Transfer in / (out)	1,228	29,015	55,464	-	-	(85,707)	-
31 December 2018	308,374	491,551	897,991	39,784	53,889	25,715	1,817,304
Acquisitions	-	17	5,900	790	-	48,790	55,497
Disposals / write-off	-	-	(1,821)	-	-	-	(1,821)
Transfer in / (out)	6,932	6,752	38,419	-	-	(52,103)	-
31 December 2019	315,306	498,320	940,489	40,574	53,889	22,402	1,870,980
<u>Accumulated depreciation</u>							
1 January 2018	32,595	205,313	373,621	34,201	47,916	-	693,646
Depreciation for the year	868	12,076	39,144	1,562	3,295	-	56,945
Accumulate depreciation for Disposals	-	-	(5,626)	(798)	(3,408)	-	(9,832)
31 December 2018	33,463	217,389	407,139	34,965	47,803	-	740,759
Depreciation for the year	1,133	12,868	42,121	1,502	2,572	-	60,196
Accumulate depreciation for Disposals	-	-	(795)	-	-	-	(795)
31 December 2019	34,596	230,257	448,465	36,467	50,375	-	800,160
<u>Net book value</u>							
31 December 2018	274,911	274,162	490,852	4,819	6,086	25,715	1,076,545
31 December 2019	280,710	268,063	492,024	4,107	3,514	22,402	1,070,820
<u>Depreciation for the year 2018</u>							
Costs of sales							49,105
Administrative expenses							7,840
Total							56,945
<u>Depreciation for the year 2019</u>							
Costs of sales							52,874
Administrative expenses							7,322
Total							60,196

The Company's land and buildings and a part of machinery have been mortgaged as collateral for credit facilities as discussed in Note 13 to the financial statements.

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As at 31 December 2019 and 2018, the cost of fully depreciated assets which remain in use amounted to Baht 259.06 million and Baht 250.13 million, respectively.

13. SHORT-TERM LOANS FROM BANK

	Thousand Baht	
	2019	2018
Liabilities under trust receipts	141,603	543,371
Total	141,603	543,371

As at 31 December 2019, the Company has credit facilities from bank totaling Baht 5,181 million (2018 : Baht 5,181 million). The liabilities under trust receipts bear interest at the rates of 1.55% - 2.66% per annum (2018 : 1.55% - 2.77% per annum). These loans are collateralized by the mortgage of the Company's land, buildings thereon and machinery, investment property, bank deposit, the pledge of the Company's shares belonging to the Company's shareholders and the personal guarantees of certain Company's directors.

14. FINANCE LEASE LIABILITIES

As at 31 December 2019 and 2018, the Company has finance lease agreements for vehicles that are being used in the operations with instalment periods of 48 - 49 months as follows:

	Thousand Baht	
	2019	2018
Finance lease liabilities		
Due within 12 months	3,408	1,663
Due over 12 months but not more than 49 months	-	3,408
Total	3,408	5,071
<u>Less</u> Deferred interest	(107)	(403)
	3,301	4,668
<u>Less</u> Portion due within 12 months	(3,301)	(1,367)
Net	-	3,301

15. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	Thousand Baht	
	2019	2018
Statement of financial position obligations for:		
Post-employment benefits	54,350	39,547
Statement of profit and loss:		
<i>Recognized in profit or loss:</i>		
Post-employment benefits	19,601	4,142

The Company has an obligation under the Thai Labour Law to provide retirement benefits to employees based on pensionable remuneration and length of service.

During the years ended 31 December 2019 and 2018, movements in employee benefits obligation are as follows:

	Thousand Baht	
	2019	2018
Balance as at 1 January	39,547	38,074
Recognized in profit or loss		
- Current service costs	3,558	2,722
- Interest on obligation	1,989	1,420
- Past service cost	14,054	-
Benefits paid	(4,798)	(2,669)
Balance as at 31 December	54,350	39,547

On 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2019 in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. The revised legislation was effective from 5 May 2019, and resulted in an increase in the employment benefit obligation of Baht 14.05 million, with a corresponding amount included in the statement of profit or loss in respect of the past service cost.

Principal actuarial assumptions are as follows:

Discount rate	3.48 percent per annum
Future salary increment rate	6.0 percent per annum
Normal retirement age	60 years
Number of employees	414 persons

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Thousand Baht	
	Effect to the defined benefit obligation	
	2019	2018
Discount rate (1% increment)	(5,778)	(4,206)
Discount rate (1% decrement)	6,726	4,909
Future salary growth (1% increment)	7,388	4,933
Future salary growth (1% decrement)	(6,398)	(4,289)
Employee turnover (1% increment)	(7,311)	(4,904)
Employee turnover (1% decrement)	8,560	5,717

16. SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

At the 2019 Annual General Meeting of Shareholders held on 29 March 2019, the shareholders approved the reduction of the Company's registered share capital amounting to Baht 898,972 from the existing registered capital of Baht 536,405,305 to Baht 535,506,333 by cancelling the Company's authorized but unissued shares relating to 898,972 expired warrants. An amendment to the Company's Memorandum of Association to the registered capital reduction was also made. The Company registered the change in share capital with the Department of Business Development on 9 April 2019.

17. WARRANTS

The Company allocated and issued 9,400,000 warrants to the management, directors and employees of the Company free of charge ("ESOP"). The exercise period is within 3 years commencing on 15 June 2015, and the warrants can be exercised to acquire the new ordinary shares of the Company for 3 consecutive years. The warrants are first exercisable after 1 year after the date the warrants were allotted. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 5.80 per share. The percentage of warrants that were exercisable were as follow:

Exercise date	Percent of the total warrants
15 June 2016	30
15 June 2017	30
15 June 2018	40

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During the year ended 31 December 2018, the Company recorded expenses of Baht 0.82 million, respectively, related to the ESOP scheme as employee expense in the statement of profit or loss, together with a corresponding increase in "Capital reserve for share-based payment transactions" in the shareholders' equity.

During the year ended 31 December 2018, movements in warrants and capital reserve for share-based payment transactions are as follows:

	Number of warrants (Unit)	Capital reserve for share- based payment transactions (Thousand Baht)
Balance as at 1 January 2018	4,131,770	2,640
Recognition of share-base payment as expenses during the year	-	815
Exercise of warrants	(3,518,890)	(3,308)
Expired warrants as at 15 June 2018	(612,880)	(147)
Balance as at 31 December 2018	-	-

18. DIVIDEND PAYMENT

At the Board of Directors' meeting No. 4/2019 held on 8 August 2019, the Board of Director passed a resolution to appropriate an interim dividend payment from the operating profit for the six-month period ended 30 June 2019 of Baht 0.24 per share for 535,506,333 shares, totalling Baht 129 million. The dividend was paid on 6 September 2019.

At the 2019 Annual General Meeting of Shareholders held on 29 March 2019, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2018 of Baht 0.63 per share. An approved interim dividend payment for the six-month period ended 30 June 2018 had already been paid of Baht 0.30 per share for 535,506,333 shares, totaling Baht 161 million, on 7 September 2018. The remaining dividend payment for the period from 1 July 2018 to 31 December 2018 of Baht 0.33 per share, totaling Baht 177 million, was paid on 26 April 2019.

At the Board of Directors' meeting No. 4/2018 held on 10 August 2018, the Board of Directors passed a resolution to appropriate an interim dividend payment from the operating profit for the six-month period ended 30 June 2018 of Baht 0.30 per share for 535,506,333 shares, totalling Baht 161 million. The dividend was paid on 7 September 2018.

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At the 2018 Annual Shareholders Meeting held on 28 March 2018, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2017 of Baht 0.60 per share. An approved interim dividend payment for the six-month period ended 30 June 2017 had already been paid of Baht 0.25 per share for 531,987,443 shares, totaling Baht 133 million on 8 September 2017. The remaining dividend payment for the period from 1 July 2017 to 31 December 2017 of Baht 0.35 per share, totaling Baht 186 million, was paid on 27 April 2018.

As at 31 December 2019, the Company has an accrual for dividends amounting to Baht 4.16 million (2018: Baht 3.33 million) under current liabilities.

19. LEGAL RESERVE

Under the provision of the Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit, after deduction of the deficit brought forward (if any), as reserve fund until the reserve reaches not less than 10% of the registered share capital. This reserve is not available for dividend distribution.

20. PROVIDENT FUND

The Company and employee have established a contributory Provident Fund. This Provident Fund has already been registered under the Provident Fund Act, B.E. 2530. Under the Fund plan, employee has to contribute to the fund at the specific rate and will be entitled to receive the fund when employee is no longer member in accordance with regulation of the fund. The Company's contribution to the Fund for the year 2019, amounted to Baht 3.45 million (2018: Baht 3.49 million).

21. REVENUE

The Company is revenue from sale both domestic and export sales consist of LPG and other pressure cylinders. In addition, the Company also provides services for container repairs and freight income required from customers.

The Company disclosed the revenue disaggregated by primary geography areas and classified by revenue recognition for the years ended 31 December 2019 and 2018 are as follows:

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		Thousand Baht							
		Sale of goods		Freight income		Others		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
Asia		1,039,440	1,836,390	34,929	80,702	18,615	8	1,092,984	1,917,100
Africa		947,457	1,339,654	48,387	61,142	-	-	995,844	1,400,796
America		737,324	592,633	3,644	4,617	-	-	740,968	597,250
Others		422,625	525,571	3,538	12,211	-	-	426,163	537,782
Total		3,146,846	4,294,248	90,498	158,672	18,615	8	3,255,959	4,452,928
Revenue classified by revenue recognition									
- At point in time		3,146,846	4,294,248	-	-	18,615	8	3,165,461	4,294,256
- Overtime		-	-	90,498	158,672	-	-	90,498	158,672
Total		3,146,846	4,294,248	90,498	158,672	18,615	8	3,255,959	4,452,928

22. OTHER INCOME

Other income for the years ended 31 December 2019 and 2018 are as follows:

		Thousand Baht	
		2019	2018
Revenue from scrap sales		140,735	192,074
Gain on exchange rate		24,390	21,418
Revenue from product quality test		3,525	11,064
Gain on fair value adjustment of investment property		-	6,300
Others		6,987	13,093
Total		175,637	243,949

23. INCOME TAX

Deferred tax

The movements in deferred tax assets / liabilities for the years ended 31 December 2019 and 2018 are as follows:

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	Thousand Baht		
	1 January 2019	Charged as income / (expense) in profit or loss	31 December 2019
Deferred tax assets			
From adjustment the fair value of investment property	2,231	-	2,231
From provision for employee benefits obligation	7,910	2,960	10,870
Total	10,141	2,960	13,101
Deferred tax liability			
From property, plant and equipment	(937)	88	(849)
Deferred tax assets - net	9,204	3,048	12,252

	Thousand Baht		
	1 January 2018	Charged as income / (expense) in profit or loss	31 December 2018
Deferred tax assets			
From adjustment the fair value of investment property	3,491	(1,260)	2,231
From provision for employee benefits obligation	7,615	295	7,910
Total	11,106	(965)	10,141
Deferred tax liability			
From property, plant and equipment	(1,025)	88	(937)
Deferred tax assets - net	10,081	(877)	9,204

Income tax expense for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Current tax expense		
Current year	91,628	136,903
Deferred tax expense		
Movements in temporary differences	(3,048)	878
Total income tax expense	88,580	137,781

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	2019		2018	
	Rate	Thousand	Rate	Thousand
	(Percentage)	Baht	(Percentage)	Baht
Profit before income tax		463,778		696,199
Income tax at tax rate	20	92,756	20	139,240
Income tax expense from non-deductible expense for tax purpose		325		649
Income tax benefit from additional deduction of expenses for tax purpose		(4,420)		(4,750)
Adjustment for tax in prior years		(81)		2,642
Net		88,580		137,781

24. SEGMENT REPORTING

Significant segment reporting for the years ended 31 December 2019 and 2018 are as follows

	Thousand Baht					
	For the years ended 31 December					
	2019			2018		
	Domestic	Export	Total	Domestic	Export	Total
Revenue from sales and services	309,420	2,946,539	3,255,959	267,015	4,185,913	4,452,928
Costs of sales and services	(185,225)	(2,403,643)	(2,588,868)	(162,430)	(3,346,557)	(3,508,987)
Gross profit	124,195	542,896	667,091	104,585	839,356	943,941

Segment reporting is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Company reported its operations by domestic and export. Segment performance is measured based on gross profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Gross profit for domestic and export sales derived from the deduction of related costs of sales, which are calculated by the weighted average standard cost of each product.

Major Customer

For the year ended 31 December 2019 and 2018 no major private customers.

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25. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2019 and 2018 are as follows:

	Thousand Baht	
	2019	2018
Raw materials and consumable supplies used	2,029,587	2,823,010
Salaries, wages and other employee benefits	324,024	342,715
Transportation expenses	123,886	190,113
Depreciation	60,196	56,945
Changes in finished goods and work in process	26,386	21,043
Commission	19,010	60,189

26. COMMITMENTS

As at 31 December 2019, the Company has the following commitments:

- 26.1 An obligation under a domestic bank guarantee amounting to Baht 227.49 million for the issuance of letters of guarantee to the Customs Department to exempt the Company from paying anti-dumping duties for materials imported for manufacturing and re-export within one-year.
- 26.2 Obligations under domestic bank guarantees for electricity usage and other matters totalling Baht 90.75 million.
- 26.3 The Company has a future aggregate minimum lease under non - cancellable operating leases for its land amount of Baht 0.90 million.

Such letters of guarantee are guaranteed by the mortgage of the Company's land, buildings and certain machinery as disclosed in Notes 11 and 12 and the personal guarantee of certain of the Company's director.

27. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, short-term investment, trade accounts receivable and payable, restricted deposits with banks, short-term loans from bank, finance lease liabilities, advances received from customers and accrued commission expenses. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies

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Foreign Currency Risk

The Company has foreign currency risk exposure relating to sales and purchases denominated in foreign currencies. As at 31 December 2019 and 2018 as follows:

	2019		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	81	29.9767	2,428
<u>Trade accounts receivable in foreign currencies</u>			
USD	14,131	29.9767	423,606
EUR	53	33.3775	1,766
KWD	143	98.8026	14,139
<u>Trade accounts payable in foreign currencies</u>			
USD	3,307	30.3313	100,311
<u>Short-term loans from bank in foreign currency</u>			
USD	4,411	30.3313	133
<u>Advances from customers in foreign currency</u>			
USD	155	30.3313	4,705
EUR	26	34.0846	900
<u>Accrued commission expenses in foreign currency</u>			
USD	746	30.3313	22,630
EUR	183	34.0846	6,252

	2018		
	Foreign currencies (Thousand Unit)	Exchange rate (Closing rate)	Baht equivalent (Thousand Baht)
<u>Cash and cash equivalent in foreign currencies</u>			
USD	81	32.2848	2,611
<u>Trade accounts receivable in foreign currencies</u>			
USD	6,458	32.2848	208,495
EUR	3,981	36.7620	146,337
KWD	477	106.2699	50,691
<u>Trade accounts payable in foreign currencies</u>			
USD	124	32.6148	4,039
<u>Short-term loans from bank in foreign currency</u>			
USD	16,660	32.6148	543,371
<u>Advances from customers in foreign currency</u>			
USD	362	32.6148	11,816
EUR	1	37.4884	41
<u>Accrued commission expenses in foreign currency</u>			
USD	1,738	32.6148	56,673
EUR	260	37.4884	9,747

However, as at 31 December 2019, the Company has open forward contracts for collection of payment from trade accounts receivable and repayment of accounts payable which the Company does not have any policy to use derivative financial instrument for speculation or commercial use. Forward foreign exchange contracts are made to manage exposure for fluctuation in foreign currency exchange rates on specific transactions.

	Foreign Currencies (Thousand Unit)	Contracts rates (Baht)
<i>Forward contracts for collection from trade accounts receivable</i>		
USD	500	30.3388 - 30.4000
EUR	300	33.6500 - 33.7705
<i>Forward contracts for repayment of trade accounts payable</i>		
USD	1,000	30.2350 - 30.3300

Credit Risk

The Company provides credit term on its trade transactions. The Company manages its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collection of accounts receivable, the Company provides allowance in the accounts as deemed necessary.

Interest Rate Risk

The interest rate risk is the future movements in market interest rates that will affect the results of the Company operations and its cash flows. The Company's exposure to interest rate risk relates primarily to their deposits with bank and loans from bank as at 31 December 2019 and 2018 as follows:

	Thousand Baht				
	2019				
	Floating rate	Fixed rate	No interest	Total	Interest rate
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	5,589	-	7,094	12,683	0.10% - 0.38%
Restricted deposits with banks	-	36,502	-	36,502	0.65% - 1.00%
Short-term loans from bank	141,603	-	-	141,603	1.55% - 1.66%

	Thousand Baht				
	2018				
	Floating rate	Fixed rate	No interest	Total	Interest rate
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	72,911	-	6,198	79,109	0.10% - 0.80%
Restricted deposits with banks	-	36,289	-	36,289	0.65% - 1.00%
Short-term loans from bank	543,371	-	-	543,371	1.55% - 2.77%

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company within the normal terms of trade. To manage this risk, the Company periodically assesses the financial viability of customers.

As of 31 December 2019 and 2018, the financial instrument classified by the periods of time from the date on the statements of financial position to their maturity dates are as follows:

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Thousand Baht				
2019				
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	12,683	-	-	12,683
Trade accounts receivable	456,560	-	-	456,560
Restricted deposits with banks	-	-	36,502	36,502
Short-term loans from bank	-	141,603	-	141,603
Trade accounts payable	312,485	-	-	312,485
Finance lease liabilities	-	3,301	-	3,301

Thousand Baht				
2018				
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	79,109	-	-	79,109
Trade accounts receivable	431,717	-	-	431,717
Restricted deposits with banks	-	-	36,289	36,289
Short-term loans from bank	-	543,371	-	543,371
Trade accounts payable	148,483	-	-	148,483
Finance lease liabilities	-	1,367	3,301	4,668

Fair Value of Financial Instruments

The fair value of financial assets and liabilities approximate to the carrying value in the financial statements.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

- Cash and cash equivalents, restricted deposits with banks and accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.
- Loans from bank, trade accounts payable and liabilities under finance lease agreement the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity.

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28. FAIR VALUE HIERACHY

As at 31 December 2019 and 2018, the group has financial assets measured at fair value in the statement of financial position are grouped into levels of a fair value hierarchy as follows:

(Unit: Thousand Baht)

	2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment	-	157,165	-	157,165
Investment property	-	59,780	-	59,780

(Unit: Thousand Baht)

	2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment	-	90,724	-	90,724
Investment property	-	59,780	-	59,780

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Thousand Baht		
	Lease liabilities	Short-term loans	Total
1 January 2018	5,997	297,816	303,813
Repayment	(1,329)	(1,931,861)	(1,933,190)
Proceeds	-	2,170,135	2,170,135
Non-cash:			
Exchange rate	-	7,281	7,281
31 December 2018	4,668	543,371	548,039
Repayment	(1,367)	(1,546,916)	(1,548,283)
Proceeds	-	1,145,532	1,145,532
Non-cash:			
Exchange rate	-	(384)	(384)
31 December 2019	3,301	141,603	144,904

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30. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting held on 13 February 2020, the Board of Director passed a resolution to propose to the Annual Shareholders Meeting to approve dividend payment from the net profit for the year ended 31 December 2019 of Baht 0.42 per share, of which an interim dividend payment for the six-month period ended 30 June 2019 has been paid of Baht 0.24 per share for 535,506,333 shares, totaling Baht 129 million on 6 September 2019. The Company therefore, has remaining dividend payment for the period from 1 July 2018 to 31 December 2018 of Baht 0.18 per share amounting to Baht 97 million.

31. OTHER MATTERS

At the Board of Directors' meeting No. 5/2019 held on 29 October 2019, the Board of Director passed a resolution to appropriate for the establishing of new overseas subsidiaries for the Company's business expansion purposes. At the Board of Directors' meeting No. 7/2019 held on 20 December 2019, the Board of Director passed a resolution to appropriate authorized the Executive committee to consider and complete the operations within the appropriate time.

32. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statement for the year ended 31 December 2018 have been reclassified to conform with current year classification. The reclassifications are as follows:

	Thousand Baht	
	Before reclassification	After reclassification
Statement of profit or loss and other comprehensive income		
Revenue from sales	4,450,570	4,452,928
Other income	246,307	243,949

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized by the Board of Directors on 21 February 2020.

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