Note Contents

1. General information
2. Basis of preparation of the financial statements
3. Significant accounting policies
4. Related parties
5. Cash and cash equivalents
6. Current investment
7. Trade accounts receivable
8. Other current receivables
9. Inventories
10. Investment in subsidiary
11. Investment properties
12. Property, plant and equipment
13. Interest-bearing liabilities
14. Other current payables
15. Provision for employee benefits
16. Share capital
17. Legal reserve
18. Segment information and disaggregation of revenue
19. Employee benefit expenses
20. Expenses by nature
21. Income tax
22. Basic earnings per share
23. Dividends
24. Financial instruments
25. Commitments with non-related parties
26. Events after the reporting period
27. Thai Financial Reporting Standards (TFRS) not yet adopted

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 February 2020.

1. **General information**

Yuasa Battery (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Market for Alternative Investment (MAI) on 21 November 1994. The Company’s registered office at No. 164, Moo 5, Soi Thedsaban 55, Sukhumvit Road, Tambol Taibanmai, Amphur Muangsamutprakan, Samutprakan.

The Company’s major shareholders during the financial year were GS Yuasa International Ltd. (40.69% shareholding) which was incorporated in Japan and Metropolitan Motor Service Co., Ltd. (19.13% shareholding) which was incorporated in Thailand.

The principal activities of the Company and its subsidiary (“the Group”) are the manufacturing and distributing of batteries for automobiles and motorcycles. Details of the Company’s subsidiary as at 31 December 2019 and 2018 are given in note 10.

1. **Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3 (q).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 27.

*(b) Functional and presentation currency*

The financial statements are prepared in Thai Baht, which is the Company’s functional currency.

*(c) Use of judgements and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following note:

Note 9 Valuation of inventories

Note 15 Measurement of defined benefit obligations: key actuarial assumptions

Note 21 Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences can be utilised.

1. **Significant accounting policies**

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

## Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

*Subsidiary*

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

## Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

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

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

Foreign currency differences arising from the translation are recognised in profit or loss.

## Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, 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 forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

## Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

## Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

## Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using standard cost adjusted to approximate average cost, except factory supplies using weighted average cost principle. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

## Investments

Investments in subsidiary

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group 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.

## Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Building and constructions | 20 | years |

No depreciation is provided on freehold land.

## Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalised borrowing costs. 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.

Any 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 recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

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

*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:

|  |  |  |
| --- | --- | --- |
| Building and constructions | 33 | years |
| Machinery and equipment | 10 - 15 | years |
| Furniture, fixtures and office equipment | 3 and 5 | years |
| Vehicles | 5 | years |

No depreciation is provided on freehold land and assets under construction and installation.

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

## Intangible assets

*Computer software*

Computer software that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

|  |  |  |
| --- | --- | --- |
| Computer software | 5 | years |

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

## Impairment

The carrying amounts of the Group’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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the assets’ value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

## Trade and other accounts payable

Trade and other accounts payable are stated at cost.

## Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Provisions

A provision is recognised if, as a result of a past event, the Group 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

## Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group’s Audit Committee.

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

* *Level 1*: quoted prices 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 or indirectly.
* *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## Revenue

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods*

Revenue from sales of goods is recognised 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 recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

***Accounting policies for revenue recognition in 2018***

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

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

## Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

## Investment income

Investment income comprises dividend and interest income from investment and bank deposits. Dividend income is recognised in profit or loss on the date the Group’s right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

## Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

## Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

## Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

## Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

## Segment reporting

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

# Related parties

Relationship with subsidiary are described in note 10. Other related parties that the Group had significant transactions with during the year were as follows:

|  | **Country of** |  |
| --- | --- | --- |
|  | **incorporation/** |  |
| **Name of entities** | **nationality** | **Nature of relationships** |
| GS Yuasa International Ltd. | Japan | A major shareholder, 40.69% shareholding, and having a representative as a director of the Company |
| Metropolitan Motor Service Co., Ltd. | Thailand | A major shareholder, 19.13% shareholding |
| Manutham Mansion and Development  Co., Ltd. | Thailand | Common director |
| Fuji Merchantiles Co., Ltd. | Thailand | Common director and shareholder |
| GS Yuasa Corporation | Japan | Ultimate parent company |
| Yuasa Battery (Malaysia) Sdn Bhd. | Malaysia | Common ultimate parent company |
| GS Yuasa Battery (Singapore) Pte. Ltd. | Singapore | Common ultimate parent company |
| PT. Yuasa Battery Indonesia | Indonesia | Common ultimate parent company |
| Tata Autocomp GY Battery Private Ltd. | India | Common ultimate parent company |
| GS Yuasa Power Supply Ltd. | Japan | Common ultimate parent company |
| GS Yuasa Siam Industry Co., Ltd. | Thailand | Common ultimate parent company |
| GS Yuasa Siam Sales Ltd. | Thailand | Common ultimate parent company |
| Taiwan Yuasa Battery Co., Ltd. | Taiwan | Common ultimate parent company |
| GS Battery Taiwan Co., Ltd. | Taiwan | Common ultimate parent company |
| GS Battery Vietnam Co., Ltd. | Vietnam | Common ultimate parent company |
| Siam GS Battery Co., Ltd. | Thailand | Common ultimate parent company |
| Siam GS Sales Co., Ltd. | Thailand | Common ultimate parent company |
| Yuasa Battery (Shunde) Co., Ltd. | China | Common ultimate parent company |
| Tianjin Yuasa Batteries Co., Ltd. | China | Common ultimate parent company |
| Yuasa Battery, Inc. | United States of America | Common ultimate parent company |
| Key management personnel | Thailand, Japan | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for transactions with related parties are explained further below:

|  |  |  |
| --- | --- | --- |
| **Transactions** |  | **Pricing policies** |
| Revenue from sale of goods |  | Market price |
| Commission income |  | At agreed price |
| Rental and service income |  | Contract price |
| Service income |  | At agreed price |
| Purchase of raw materials and goods |  | Market price |
| Purchase of machinery and equipment |  | At agreed price |
| Royalty fee |  | Contract price |
| Dividends paid |  | As announced |

Significant transactions for the years ended 31 December with related parties were as follows:

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
| *Year ended 31 December* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Revenue from sale of goods | - |  | - |  | 948,778 |  | 920,629 |
| Rental and service income | - |  | - |  | 1,367 |  | 1,367 |
| Service income | - |  | - |  | 552 |  | 911 |
|  |  | | | | | | |
| **Other related parties** |  |  |  |  |  |  |  |
| Revenue from sale of goods | 145,565 |  | 168,466 |  | 145,439 |  | 168,466 |
| Purchase of raw materials and goods | 179,818 |  | 219,989 |  | 179,818 |  | 218,423 |
| Purchase of machinery and equipment | 2,009 |  | 1,151 |  | 2,009 |  | 1,151 |
| Commission income | 851 |  | 997 |  | 851 |  | 997 |
| Royalty fee | 34,919 |  | 37,604 |  | 34,919 |  | 37,604 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
| ***Year ended 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |  |  |  |
| Short-term employee benefits | 29,060 |  | 29,464 |  | 23,578 |  | 24,181 |
| Post-employment benefits | 2,487 |  | 1,384 |  | 1,945 |  | 798 |
| **Total key management personnel** |  |  |  |  |  |  |  |
| **compensation** | **31,547** |  | **30,848** |  | **25,523** |  | **24,979** |

Balances as at 31 December with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Trade accounts receivable*** | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | - |  | - |  | 213,164 |  | 223,676 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Yuasa Battery (Malaysia) Sdn Bhd. | 21,552 |  | 32,223 |  | 21,552 |  | 32,223 |
| GS Yuasa International Ltd. | 1,154 |  | 268 |  | 1,154 |  | 268 |
| Yuasa Battery (Shunde) Co., Ltd. | 599 |  | 1,150 |  | 599 |  | 1,150 |
| Yuasa Battery, Inc. | 116 |  | - |  | 116 |  | - |
| Tata Autocomp GY Battery Private Ltd. | 13 |  | - |  | 13 |  | - |
| **Total** | **23,434** |  | **33,641** |  | **236,598** |  | **257,317** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current receivables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | - |  | - |  | 550 |  | 490 |
|  |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| Taiwan Yuasa Battery Co., Ltd. | 162 |  | 383 |  | 162 |  | 383 |
| **Total** | **162** |  | **383** |  | **712** |  | **873** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Trade accounts payable* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Other related parties** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 36,900 |  | 45,983 |  | 36,900 |  | 45,983 |
| Siam GS Sales Co., Ltd. | - |  | 34 |  | - |  | - |
| **Total** | **36,900** |  | **46,017** |  | **36,900** |  | **45,983** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current payables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Payable for fixed assets purchased*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 284 |  | 305 |  | 284 |  | 305 |
|  |  |  |  |  |  |  |  |
| ***Accrued royalty fee*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 34,919 |  | 37,604 |  | 34,919 |  | 37,604 |
| **Total** | **35,203** |  | **37,909** |  | **35,203** |  | **37,909** |

***Significant agreements with related parties***

*Technical Assistance Agreements*

On 1 January 2009, the Company entered into technical assistance agreements with GS Yuasa International Ltd. whereby the latter agreed to grant the Company the rights to use technical know-how and expertise related to manufacturing of automotive and motorcycle batteries as well as to use trademarks owned by GS Yuasa Corporation. The Company is committed to pay royalty fee at the rates as specified in the agreements. These agreements shall remain effective for 5 years and will be automatically renewed for another one year each unless terminated by either party giving notice in writing at least 90 days before the expiration of the agreements.

*Rental Agreement*

On 7 December 2018, the Company entered into a rental agreement with Yuasa Sales and Distribution Co., Ltd. covering its office premises, warehouse space and related facilities with the rental and service income as specified in the agreement. The agreement is for a period of 2 years and shall be renewed on an annual basis.

# Cash and cash equivalents

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 144 |  | 155 |  | 34 |  | 49 |
| Cash at banks - current accounts | 41 |  | 41 |  | 3 |  | 3 |
| Cash at banks - savings accounts | 202,962 |  | 142,290 |  | 156,520 |  | 93,677 |
| Cheques on hand | 35 |  | 12 |  | - |  | - |
| **Total** | **203,182** |  | **142,498** |  | **156,557** |  | **93,729** |

# Current investment

On 31 July 2019, the Company had current investment which represents promissory note that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investment has interest rate of 1.72% per annum and mature in April 2020. Interest income for the year ended 31 December 2019 amounting to Baht 0.36 million *(2018: Baht 0.11 million).*

# Trade accounts receivable

Aging analyses for trade accounts receivable were as follows:

|  |  | Consolidated | | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | financial statements | | | |  | financial statements | | |
|  |  | 2019 |  | 2018 | |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | | |
| **Related parties** |  |  | | | | | | | |
| Within credit terms |  | 23,421 |  | | 28,475 |  | 236,585 |  | 252,151 |
| Overdue: |  |  |  | |  |  |  |  |  |
| Less than 3 months |  | 13 |  | | 5,149 |  | 13 |  | 5,149 |
| 3-6 months |  | - |  | | 17 |  | - |  | 17 |
|  |  | **23,434** |  | | **33,641** |  | **236,598** |  | **257,317** |
| **Other parties** |  |  |  | |  |  |  |  |  |
| Within credit terms |  | 254,818 |  | | 239,847 |  | 93,663 |  | 106,599 |
| Overdue: |  |  |  | |  |  |  |  |  |
| Less than 3 months |  | 22,931 |  | | 49,923 |  | 5,928 |  | 22,371 |
| 6-12 months |  | 4 |  | | 1,387 |  | - |  | - |
| Over 12 months |  | 1,622 |  | | 3,419 |  | - |  | 146 |
|  |  | **279,375** |  | | **294,576** |  | **99,591** |  | **129,116** |
| *Less* allowance for doubtful accounts |  | (1,492) |  | | (2,776) |  | - |  | (146) |
|  |  | **277,883** |  | | **291,800** |  | **99,591** |  | **128,970** |
| **Net** |  | **301,317** |  | | **325,441** |  | **336,189** |  | **386,287** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Bad and doubtful debts expense |  |  |  |  |  |  |  |
| (reversal of) for the year | (335) |  | 1,698 |  | - |  | - |

The normal credit term granted by the Group ranges from 30 days to 100 days.

# Other current receivables

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Prepaid expenses | 4,484 |  | 5,258 |  | 4,106 |  | 4,906 |
| Other receivables | 6,509 |  | 9,924 |  | 6,908 |  | 9,657 |
| Value added tax receivables | 3,876 |  | 3,801 |  | 3,847 |  | 3,751 |
| Others | 5,512 |  | 3,495 |  | 5,502 |  | 3,176 |
| **Total** | **20,381** |  | **22,478** |  | **20,363** |  | **21,490** |
| *Less* allowance for doubtful accounts | - |  | (16) |  | - |  | - |
| **Net** | **20,381** |  | **22,462** |  | **20,363** |  | **21,490** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Bad and doubtful debts expense |  |  |  |  |  |  |  |
| for the year | - |  | 2,964 |  | - |  | - |

# Inventories

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 70,222 |  | 106,717 |  | 63,478 |  | 92,424 |
| Work in progress | 44,857 |  | 58,955 |  | 44,857 |  | 58,955 |
| Semi-raw materials | 33,296 |  | 35,307 |  | 33,296 |  | 35,307 |
| Raw materials | 66,738 |  | 89,665 |  | 66,738 |  | 89,665 |
| Factory supplies | 22,037 |  | 23,693 |  | 22,018 |  | 23,679 |
| Goods in transit | 19,759 |  | 9,792 |  | 19,759 |  | 9,792 |
| **Total** | **256,909** |  | **324,129** |  | **250,146** |  | **309,822** |
| *Less* allowance for decline in value | (4,039) |  | (3,074) |  | (3,772) |  | (1,353) |
| **Net** | **252,870** |  | **321,055** |  | **246,374** |  | **308,469** |
|  |  |  |  |  |  |  |  |
| Inventories recognised  in cost of sales of goods |  |  |  |  |  |  |  |
| - Cost | 1,685,555 |  | 1,859,501 |  | 1,690,570 |  | 1,865,302 |
| - Write-down to net realisable value |  |  |  |  |  |  |  |
| (reversal of) | 965 |  | (1,409) |  | 2,419 |  | (2,041) |
| **Net** | **1,686,520** |  | **1,858,092** |  | **1,692,989** |  | **1,863,261** |
|  |  |  |  |  |  |  |  |

# Investment in subsidiary

Investment in subsidiary as at 31 December 2019 and 2018, and dividend income from this investment for the years then ended, were as follows:

|  |  | Separate financial statements | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income | | |
|  | Type of | Ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost - net | | |  | for the year | | |
|  | business | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Subsidiary*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Yuasa Sales and | Distribution |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Distribution Co., Ltd. | of battery | 99.99 |  | 99.99 |  | 1,000 |  | 1,000 |  | 1,000 |  | 1,000 |  | - |  | (1,000) |  | 1,000 |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | **1,000** |  | **1,000** |  | **-** |  | **(1,000)** |  | **1,000** |  | **-** |  | **-** |  | **-** |

A subsidiary was incorporated in Thailand. During 2019, the Company recorded a reversal of allowance for impairment loss on investment in subsidiary of Baht 1 million in the separate financial statements since management believed that the subsidiary is expected to have future profitability and recover its deficit in near the future.

# Investment properties

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |
| At 1 January | 4,281 |  | 4,281 |  | 92 |  | 92 |
| **At 31 December** | **4,281** |  | **4,281** |  | **92** |  | **92** |
|  |  |  |  |  |  |  |  |
| ***Depreciation*** |  |  |  |  |  |  |  |
| At 1 January | 1,834 |  | 1,738 |  | - |  | - |
| Depreciation charge for the year | 95 |  | 96 |  | - |  | - |
| **At 31 December** | **1,929** |  | **1,834** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |
| **At 31 December** | **2,352** |  | **2,447** |  | **92** |  | **92** |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Year ended 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Amount recognised in profit or loss for investment properties :*** |  |  |  |  |  |  |  |
| Rental income | 310 |  | 301 |  | 310 |  | 301 |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Minimum lease payments under***  ***non-cancellable operating lease***  ***are receivable :*** |  |  |  |  |  |  |  |
| Within 1 year | 26 |  | 310 |  | 26 |  | 310 |
| 1- 5 years | - |  | 26 |  | - |  | 26 |
| **Total** | **26** |  | **336** |  | **26** |  | **336** |

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 3 years. Renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of investment properties as at 31 December 2019 of Baht 34.5 million *(2018: Baht 28.2 million)* was determined by independent professional valuers, at open market values on an existing use basis. The fair value measurement for investment properties has been categorised as a Level 3 fair value.

# Property, plant and equipment

|  | **Consolidated financial statements** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Furniture, |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  | fixtures |  |  |  | construction |  |  |
|  |  |  | Building and |  | and |  | and office |  |  |  | and |  |  |
|  | Land |  | constructions |  | equipment |  | equipment |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 27,790 |  | 143,689 |  | 824,182 |  | 53,590 |  | 8,342 |  | 10,526 |  | 1,068,119 |
| Additions | - |  | 1,371 |  | 10,586 |  | 6,729 |  | - |  | 62,860 |  | 81,546 |
| Transfers | - |  | 15,966 |  | 26,527 |  | 1,650 |  | - |  | (44,143) |  | - |
| Disposals | - |  | (3,705) |  | (5,617) |  | (1,418) |  | (724) |  | - |  | (11,464) |
| **At 31 December 2018 and 1 January 2019** | **27,790** |  | **157,321** |  | **855,678** |  | **60,551** |  | **7,618** |  | **29,243** |  | **1,138,201** |
| Additions | - |  | 16 |  | 7,520 |  | 3,289 |  | 1,522 |  | 41,084 |  | 53,431 |
| Transfers | - |  | 29,690 |  | 22,396 |  | 998 |  | - |  | (53,084) |  | - |
| Disposals | - |  | (396) |  | (18,447) |  | (1,081) |  | (746) |  | - |  | (20,670) |
| **At 31 December 2019** | **27,790** |  | **186,631** |  | **867,147** |  | **63,757** |  | **8,394** |  | **17,243** |  | **1,170,962** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | - |  | 49,881 |  | 618,296 |  | 38,484 |  | 2,081 |  | - |  | 708,742 |
| Depreciation charge for the year | - |  | 3,963 |  | 31,211 |  | 5,503 |  | 1,517 |  | - |  | 42,194 |
| Disposals | - |  | (1,257) |  | (5,436) |  | (1,418) |  | (724) |  | - |  | (8,835) |
| **At 31 December 2018 and 1 January 2019** | **-** |  | **52,587** |  | **644,071** |  | **42,569** |  | **2,874** |  | **-** |  | **742,101** |
| Depreciation charge for the year | - |  | 4,407 |  | 33,326 |  | 6,328 |  | 1,580 |  | - |  | 45,641 |
| Impairment losses | - |  | - |  | - |  | - |  | - |  | 1,001 |  | 1,001 |
| Disposals | - |  | (223) |  | (16,476) |  | (1,076) |  | (311) |  | - |  | (18,086) |
| **At 31 December 2019** | **-** |  | **56,771** |  | **660,921** |  | **47,821** |  | **4,143** |  | **1,001** |  | **770,657** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 104,734 |  | 211,607 |  | 17,982 |  | - |  | 29,243 |  | 391,356 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,744 |  | - |  | 4,744 |
|  | **27,790** |  | **104,734** |  | **211,607** |  | **17,982** |  | **4,744** |  | **29,243** |  | **396,100** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 129,860 |  | 206,226 |  | 15,936 |  | - |  | 16,242 |  | 396,054 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,251 |  | - |  | 4,251 |
|  | **27,790** |  | **129,860** |  | **206,226** |  | **15,936** |  | **4,251** |  | **16,242** |  | **400,305** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  | **Separate financial statements** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Furniture, |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  | fixtures |  |  |  | construction |  |  |
|  |  |  | Building and |  | and |  | and office |  |  |  | and |  |  |
|  | Land |  | constructions |  | equipment |  | equipment |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 27,790 |  | 143,688 |  | 824,182 |  | 49,783 |  | 8,343 |  | 10,526 |  | 1,064,312 |
| Additions | - |  | 1,371 |  | 10,586 |  | 6,555 |  | - |  | 62,860 |  | 81,372 |
| Transfers | - |  | 15,966 |  | 26,527 |  | 1,650 |  | - |  | (44,143) |  | - |
| Disposals | - |  | (3,704) |  | (5,617) |  | (1,418) |  | (725) |  | - |  | (11,464) |
| **At 31 December 2018 and 1 January 2019** | **27,790** |  | **157,321** |  | **855,678** |  | **56,570** |  | **7,618** |  | **29,243** |  | **1,134,220** |
| Additions | - |  | 16 |  | 7,520 |  | 3,146 |  | 1,522 |  | 41,084 |  | 53,288 |
| Transfers | - |  | 29,690 |  | 22,396 |  | 998 |  | - |  | (53,084) |  | - |
| Disposals | - |  | (396) |  | (18,447) |  | (708) |  | (746) |  | - |  | (20,297) |
| **At 31 December 2019** | **27,790** |  | **186,631** |  | **867,147** |  | **60,006** |  | **8,394** |  | **17,243** |  | **1,167,211** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | - |  | 49,881 |  | 618,296 |  | 35,339 |  | 2,082 |  | - |  | 705,598 |
| Depreciation charge for the year | - |  | 3,963 |  | 31,211 |  | 5,258 |  | 1,517 |  | - |  | 41,949 |
| Disposals | - |  | (1,257) |  | (5,436) |  | (1,418) |  | (724) |  | - |  | (8,835) |
| **At 31 December 2018 and 1 January 2019** | **-** |  | **52,587** |  | **644,071** |  | **39,179** |  | **2,875** |  | **-** |  | **738,712** |
| Depreciation charge for the year | - |  | 4,407 |  | 33,326 |  | 6,119 |  | 1,579 |  | **-** |  | 45,431 |
| Impairment losses | - |  | - |  | - |  | - |  | - |  | 1,001 |  | 1,001 |
| Disposals | - |  | (223) |  | (16,476) |  | (704) |  | (311) |  | **-** |  | (17,714) |
| **At 31 December 2019** | **-** |  | **56,771** |  | **660,921** |  | **44,594** |  | **4,143** |  | **1,001** |  | **767,430** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 104,734 |  | 211,607 |  | 17,391 |  | - |  | 29,243 |  | 390,765 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,743 |  | - |  | 4,743 |
|  | **27,790** |  | **104,734** |  | **211,607** |  | **17,391** |  | **4,743** |  | **29,243** |  | **395,508** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 129,860 |  | 206,226 |  | 15,412 |  | - |  | 16,242 |  | 395,530 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,251 |  | - |  | 4,251 |
|  | **27,790** |  | **129,860** |  | **206,226** |  | **15,412** |  | **4,251** |  | **16,242** |  | **399,781** |

The gross amount of the Group’s and the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 546.6 million and Baht 543.9 million, respectively *(2018: Baht 471 million and Baht 468.4 million, respectively)*.

*Security*

As at 31 December 2019, the Group’s and the Company’s land and constructions thereon with a net book value of Baht 30 million *(2018: Baht 30 million)* have been mortgaged as collateral for some facilities amounted to Baht 137.5 million *(2018: Baht 137.5 million)* obtained from a financial institution (see note 13).

# Interest-bearing liabilities

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Current*** |  |  |  |  |  |  |  |
| Current portion of finance lease  liabilities | 1,749 |  | 1,493 |  | 1,749 |  | 1,493 |
|  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |
| Finance lease liabilities | 2,888 |  | 3,633 |  | 2,888 |  | 3,633 |
|  |  |  |  |  |  |  |  |
| **Total interest-bearing liabilities** | **4,637** |  | **5,126** |  | **4,637** |  | **5,126** |

As at 31 December 2019, the Company had unutilised facilities with certain financial institutions totalling Baht 746.2 million *(2018: Baht 745.4 million)*, which some unutilised facilities from a financial institution of Baht 131.2 million *(2018: Baht 131.2 million)* were mortgaged by land and constructions thereon (see note 12).

As at 31 December 2019, a subsidiary had unutilised facilities with a financial institution of Baht 5 million *(2018: Baht 5 million)* which was guaranteed by the parent company.

|  | **Consolidated financial statements/**  **Separate financial statements** | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | |  | | 2018 | | | | |
| ***Finance lease liabilities*** | Minimum lease payments |  | Interest |  | Present value of minimum lease payments |  | Minimum lease payments | |  | Interest |  | Present value of minimum lease payments |
|  | *(in thousand Baht)* | | | | | | | | | | | |
| *Maturity period* |  | | | | | | | | | | | |
| Within 1 year | 2,072 |  | (323) |  | 1,749 |  | 1,877 | |  | (384) |  | 1,493 |
| 1 - 5 years | 3,182 |  | (294) |  | 2,888 |  | 4,021 | |  | (388) |  | 3,633 |
| **Total** | **5,254** |  | **(617)** |  | **4,637** |  | **5,898** | |  | **(772)** |  | **5,126** |

The Company entered into finance lease contracts covering vehicles. These contracts are for periods of 5 years which will expire in various dates in 2021 to 2024. Under the terms of the contracts, the Company must comply with certain conditions covering the leased assets.

# Other current payables

|  |  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Accrued operating expenses |  | 72,681 |  | 72,581 |  | 37,913 |  | 31,126 |
| Accrued royalty expenses | *4* | 34,919 |  | 37,604 |  | 34,919 |  | 37,604 |
| Payable for the Revenue Department |  | 9,386 |  | 6,265 |  | 7,601 |  | 4,896 |
| Payable for fixed assets purchased |  | 6,130 |  | 6,499 |  | 6,122 |  | 6,383 |
| Others |  | 3,126 |  | 2,503 |  | 1,932 |  | 1,463 |
| **Total** |  | **126,242** |  | **125,452** |  | **88,487** |  | **81,472** |

# Provision for employee benefits

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Post-employment benefits | 85,916 |  | 65,322 |  | 71,319 |  | 53,630 |
| Other long-term employee benefits | 1,164 |  | 1,279 |  | 1,085 |  | 1,194 |
| **Total** | **87,080** |  | **66,601** |  | **72,404** |  | **54,824** |

***Defined benefit plan***

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Present value of the defined*** |  | **Consolidated** | | |  | Separate | | |
| ***benefit obligations*** |  | financial statements | | |  | financial statements | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 66,601 |  | 65,812 |  | 54,824 |  | 55,162 |
|  |  |  |  |  |  |  |  |  |
| **Included in profit or loss** |  |  |  |  |  |  |  |  |
| Past service costs |  | 9,761 |  | - |  | 8,100 |  | - |
| Current service costs |  | 5,482 |  | 6,187 |  | 4,944 |  | 5,381 |
| Interest on obligation |  | 2,130 |  | 2,040 |  | 1,768 |  | 1,719 |
|  | *19* | **17,373** |  | **8,227** |  | **14,812** |  | **7,100** |
| **Included in other comprehensive income** |  |  |  |  |  |  |  |  |
| Actuarial (gain) loss |  |  |  |  |  |  |  |  |
| - Demographic assumptions |  | (5,576) |  | - |  | (5,293) |  | - |
| - Financial assumptions |  | 13,322 |  | - |  | 10,257 |  | - |
| - Experience adjustment |  | 3,171 |  | - |  | 4,442 |  | - |
|  |  | **10,917** |  | **-** |  | **9,406** |  | **-** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| ***Present value of the defined*** |  | **Consolidated** | | |  | Separate | | |
| ***benefit obligations*** |  | financial statements | | |  | financial statements | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Benefits paid |  | (7,811) |  | (7,438) |  | (6,638) |  | (7,438) |
|  |  |  |  |  |  |  |  |  |
| **At 31 December** |  | **87,080** |  | **66,601** |  | **72,404** |  | **54,824** |

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

| ***Principal actuarial assumptions*** | Consolidated  financial statements | | |  | | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 | |  | 2018 |
|  | *(%)* | | | | | | | |
| Discount rate | 1.36 - 1.80 |  | 3.02 and 3.18 |  | 1.36 - 1.80 | |  | 3.18 |
| Future salary growth | 5.00 - 6.00 |  | 5.00 |  | 5.00 | |  | 5.00 |
| Employee turnover | 1.91 - 22.92 |  | 0 - 17 |  | 1.91 - 22.92 | |  | 0 - 17 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 7.38 - 16.43 years *(2018: 14.73 years)*.

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligation.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Effect of the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (7,567) |  | (7,320) |  | 8,769 |  | 8,522 |
| Future salary growth | 8,935 |  | 7,294 |  | (7,824) |  | (6,359) |
| Employee turnover | (6,334) |  | (6,168) |  | 5,735 |  | 2,424 |
|  |  |  |  |  |  |  |  |
|  | Separate financial statements | | | | | | |
| ***Effect of the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (6,233) |  | (6,112) |  | 7,226 |  | 7,122 |
| Future salary growth | 7,410 |  | 5,986 |  | (6,487) |  | (5,207) |
| Employee turnover | (5,437) |  | (5,433) |  | 4,930 |  | 2,115 |

# Share capital

| ***Authorised/*** | Par value |  | 2019 | | |  | 2018 | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***issued and paid-up shares*** | per share |  | Number |  | Baht |  | Number |  | Baht |
|  | *(in Baht)* |  | *(thousand shares /in thousand Baht)* | | | | | | |
| At 1 January |  |  |  |  |  |  |  |  |  |
| - ordinary shares | *1* |  | 107,625 |  | 107,625 |  | 107,625 |  | 107,625 |
| **At 31 December** |  |  |  |  |  |  |  |  |  |
| **- ordinary shares** | *1* |  | **107,625** |  | **107,625** |  | **107,625** |  | **107,625** |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

# Legal reserve

According to the Company’s regulation, the Company shall allocate not less than 10% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 25% of the registered authorised capital. The legal reserve is not available for dividend distribution.

# Segment information and disaggregation of revenue

Management considers that the Group operates in a single line of business, namely batteries, and has, therefore, only one reportable segment.

The Group’s operations and main revenue streams are revenue from sales of goods. The Group’s main revenue is derived from contracts with customers.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | For the year ended | | | |
|  | 31 December | | | |
|  | 2019 | |  | 2018 |
|  | *(in thousand Baht)* | | | |
| ***Information about reportable segment*** | |  |  |  |
| External revenue | 2,253,062 | |  | 2,396,852 |
| Internal revenue | 948,778 | |  | 920,629 |
| **Total revenue** | **3,201,840** | |  | **3,317,481** |
| Elimination of internal revenue | (948,778) | |  | (920,629) |
| **Consolidated revenue** | **2,253,062** | |  | **2,396,852** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
| ***For the year ended 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Disaggregation of revenue*** |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  |  |
| Thailand | 1,751,345 |  | 1,766,690 |  | 1,668,402 |  | 1,687,349 |
| Other countries | 501,717 |  | 630,162 |  | 501,717 |  | 630,162 |
| **Total** | **2,253,062** |  | **2,396,852** |  | **2,170,119** |  | **2,317,511** |
|  |  | | | | | | |
| **Major products** |  |  |  |  |  |  |  |
| Automobiles batteries | 912,514 |  | 1,012,726 |  | 868,613 |  | 969,960 |
| Motorcycles batteries | 1,263,074 |  | 1,327,651 |  | 1,240,050 |  | 1,303,584 |
| Other products | 77,474 |  | 56,475 |  | 61,456 |  | 43,967 |
| **Total** | **2,253,062** |  | **2,396,852** |  | **2,170,119** |  | **2,317,511** |
|  |  |  |  |  |  |  |  |
| **Customer groups** |  |  |  |  |  |  |  |
| Original Equipment Market (OEM) | 657,108 |  | 722,843 |  | 657,108 |  | 722,843 |
| Replacement Equipment Market (REM) | 1,031,720 |  | 999,969 |  | 948,174 |  | 920,490 |
| Export market | 501,717 |  | 630,162 |  | 501,717 |  | 630,162 |
| Others | 62,517 |  | 43,878 |  | 63,120 |  | 44,016 |
| **Total** | 2,253,062 |  | 2,396,852 |  | 2,170,119 |  | 2,317,511 |
|  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |
| At a point in time | 2,253,062 |  | 2,396,852 |  | 2,170,119 |  | 2,317,511 |

***Geographical segments***

The Group is managed and operates principally in Thailand. In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. There are no material assets located in foreign countries.

***Major customer***

Revenues from a customer of the Group’s segments represents approximately Baht 420.6 million *(2018: Baht 452.2 million)* of the Group’s total revenues.

# Employee benefit expenses

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | Separate | | |
|  |  | financial statements | | |  | financial statements | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Salaries, wages and bonus |  | 275,580 |  | 272,502 |  | 255,050 |  | 251,776 |
| Defined benefit plans | *15* | 17,373 |  | 8,227 |  | 14,812 |  | 7,100 |
| Defined contribution plans |  | 3,595 |  | 3,079 |  | 3,274 |  | 2,741 |
| Director’s remuneration |  | 7,552 |  | 5,969 |  | 7,552 |  | 5,969 |
| Others |  | 24,298 |  | 24,878 |  | 21,898 |  | 22,381 |
| **Total** |  | **328,398** |  | **314,655** |  | **302,586** |  | **289,967** |

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Group at the rate of 3% of the employees’ basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

# Expenses by nature

|  |  | | **Consolidated** | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | financial statements | | |  | financial statements | | |
|  | *Note* | | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | | *(in thousand Baht)* | | | | | | |
| ***Included in cost of sales of goods:*** |  | |  |  |  |  |  |  |  |
| Changes in inventories of finished |  | |  |  |  |  |  |  |  |
| good and work in progress | *9* | | 52,599 |  | (35,148) |  | 45,055 |  | (34,172) |
| Raw material and consumables used |  | | 1,038,676 |  | 1,323,948 |  | 1,038,676 |  | 1,323,948 |
| Purchase of finished goods |  | | 122,272 |  | 110,261 |  | 122,272 |  | 107,784 |
| Scrap sales |  | | (40,263) |  | (70,834) |  | (27,703) |  | (63,532) |
| Employee benefit expenses | *19* | | 238,979 |  | 233,501 |  | 238,979 |  | 233,501 |
| Others |  | | 274,257 |  | 296,364 |  | 275,710 |  | 295,732 |
| **Total** |  | | **1,686,520** |  | **1,858,092** |  | **1,692,989** |  | **1,863,261** |
|  |  | |  |  |  |  |  |  |  |
| ***Included in distribution costs:*** |  | |  |  |  |  |  |  |  |
| Excise tax |  | | 186,816 |  | 189,439 |  | 186,816 |  | 189,439 |
| Royalty fee | *4* | | 34,919 |  | 37,604 |  | 34,919 |  | 37,604 |
| Employee benefit expenses | *19* | | 25,858 |  | 24,404 |  | 10,857 |  | 9,366 |
| Others |  | | 55,943 |  | 52,464 |  | 28,534 |  | 27,571 |
| **Total** |  | | **303,536** |  | **303,911** |  | **261,126** |  | **263,980** |
|  |  | |  |  |  |  |  |  |  |
| ***Included in administrative expenses:*** | |  |  |  |  |  |  |  |  |
| Employee benefit expenses | *19* | | 63,561 |  | 56,750 |  | 52,750 |  | 47,100 |
| Depreciation and amortisation |  | | 5,950 |  | 6,051 |  | 5,004 |  | 4,900 |
| Professional fees |  | | 4,257 |  | 4,351 |  | 3,762 |  | 3,866 |
| Others |  | | 21,655 |  | 20,423 |  | 15,473 |  | 12,800 |
| **Total** |  | | **95,423** |  | **87,575** |  | **76,989** |  | **68,666** |

# Income tax

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | **Consolidated** | | | | | | |  | Separate | | | | | | | |
| ***Income tax recognised in profit of loss*** | | | | financial statements | | | | | | |  | financial statements | | | | | | | |
|  | | | | 2019 | | |  | 2018 | | |  | 2019 | | |  | | 2018 | | |
|  | | | | *(in thousand Baht)* | | | | | | | | | | | | | | | |
| **Current tax expense** | | | |  | | |  |  | | |  |  | | |  | |  | | |
| Current year | | | | 39,564 | | |  | 32,064 | | |  | 33,475 | | |  | | 27,330 | | |
| Adjustment for prior years | | | | 6 | | |  | (795) | | |  | 6 | | |  | | (795) | | |
|  | | | | **39,570** | | |  | **31,269** | | |  | **33,481** | | |  | | **26,535** | | |
|  | | | |  | | |  |  | | |  |  | | |  | |  | | |
| **Deferred tax expense** | | | |  | | |  |  | | |  |  | | |  | |  | | |
| Movements in temporary differences | | | | (3,005) | | |  | (916) | | |  | (3,428) | | |  | | (847) | | |
| **Total income tax expense** | | | | **36,565** | | |  | **30,353** | | |  | **30,053** | | |  | | **25,688** | | |
|  | Consolidated financial statements | | | | | | | | | | | | | | | | | |
|  | 2019 | | | | | | | |  | 2018 | | | | | | | | |
|  |  |  | Income | |  |  | | |  |  | | |  | Income | |  | |  |
|  | Before |  | tax | |  | After | | |  | Before | | |  | tax | |  | | After |
| ***Income tax*** | tax |  | expense | |  | tax | | |  | tax | | |  | expense | |  | | tax |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  | |  |  | | |  |  | | |  |  | |  | |  |
| Defined benefit plan actuarial losses | 10,917 |  | (2,183) | |  | 8,734 | | |  | - | | |  | - | |  | | - |
| **Total** | **10,917** |  | **(2,183)** | |  | **8,734** | | |  | **-** | | |  | **-** | |  | | **-** |

|  | Separate financial statements | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | |  | 2018 | | | | |
|  |  |  | Income |  |  |  |  |  | Income |  |  |
|  | Before |  | tax |  | After |  | Before |  | tax |  | After |
| ***Income tax*** | tax |  | expense |  | tax |  | tax |  | expense |  | tax |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  |  |  |  |  |  |  |  |  |
| Defined benefit plan actuarial losses | 9,406 |  | (1,881) |  | 7,525 |  | - |  | - |  | - |
| **Total** | **9,406** |  | **(1,881)** |  | **7,525** |  | **-** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation of effective tax rate*** | Consolidated financial statements | | | | | | |
|  | 2019 | | |  | 2018 | | |
|  | *Rate* |  | *(in thousand* |  | *Rate* |  | *(in thousand* |
|  | *(%)* |  | *Baht)* |  | *(%)* |  | *Baht)* |
| Profit before income tax expense |  |  | 175,485 |  |  |  | 158,555 |
| Income tax using the Thai corporation tax rate | 20 |  | 35,097 |  | 20 |  | 31,711 |
| Expense additionally deductible for tax purpose |  |  | (1,249) |  |  |  | (1,125) |
| Reversal of over-recorded deferred tax assets |  |  | 1,206 |  |  |  | 585 |
| Expenses not deductible for tax purpose |  |  | 1,116 |  |  |  | (26) |
| Others |  |  | 395 |  |  |  | (792) |
| **Total** | **21** |  | **36,565** |  | **19** |  | **30,353** |
|  |  | | | | | | |
| ***Reconciliation of effective tax rate*** | Separate financial statements | | | | | | |
|  | 2019 | | |  | 2018 | | |
|  | *Rate* |  | *(in thousand* |  | *Rate* |  | *(in thousand* |
|  | *(%)* |  | *Baht)* |  | *(%)* |  | *Baht)* |
| Profit before income tax expense |  |  | 149,670 |  |  |  | 134,297 |
| Income tax using the Thai corporation tax rate | 20 |  | 29,934 |  | 20 |  | 26,859 |
| Expense additionally deductible for tax purpose |  |  | (1,229) |  |  |  | (1,095) |
| Reversal of over-recorded deferred tax assets |  |  | 594 |  |  |  | 755 |
| Expenses not deductible for tax purpose |  |  | 505 |  |  |  | 18 |
| Others |  |  | 249 |  |  |  | (849) |
| **Total** | **20** |  | **30,053** |  | **19** |  | **25,688** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 18,903 |  | 15,023 |  | (2,532) |  | (3,840) |
| Set off of tax | (2,532) |  | (3,840) |  | 2,532 |  | 3,840 |
| **Net deferred tax assets** | **16,371** |  | **11,183** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
|  | Separate financial statements | | | | | | |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 15,436 |  | 11,435 |  | (2,532) |  | (3,840) |
| Set off of tax | (2,532) |  | (3,840) |  | 2,532 |  | 3,840 |
| **Net deferred tax assets** | **12,904** |  | **7,595** |  | **-** |  | **-** |

| ***Deferred tax*** | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Charged) / credited to: | | | | | | |
| **At 1**  **January** |  | Profit or loss |  | Other comprehensive income |  | **At 31**  **December** |
|  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for doubtful accounts | 525 |  | (525) |  | - |  | - |
| Allowance for decline in value | 615 |  | 193 |  | - |  | 808 |
| Allowance for impairment losses on equipment | - |  | 200 |  | - |  | 200 |
| Provision for employee benefits | 13,326 |  | 1,907 |  | 2,183 |  | 17,416 |
| Others | 557 |  | (78) |  | - |  | 479 |
| **Total** | **15,023** |  | **1,697** |  | **2,183** |  | **18,903** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (3,737) |  | 1,281 |  | - |  | (2,456) |
| Finance leases | (103) |  | 27 |  | - |  | (76) |
| **Total** | **(3,840)** |  | **1,308** |  | **-** |  | **(2,532)** |
|  |  |  |  |  |  |  |  |
| **Net** | **11,183** |  | **3,005** |  | **2,183** |  | **16,371** |
|  |  |  |  |  |  |  |  |
| ***2018*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for doubtful accounts | 1,136 |  | (611) |  | - |  | 525 |
| Allowance for decline in value | 897 |  | (282) |  | - |  | 615 |
| Provision for employee benefits | 13,156 |  | 170 |  | - |  | 13,326 |
| Derivatives | 42 |  | (42) |  | - |  | - |
| Others | 241 |  | 316 |  | - |  | 557 |
| **Total** | **15,472** |  | **(449)** |  | **-** |  | **15,023** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (5,134) |  | 1,397 |  | - |  | (3,737) |
| Finance leases | (71) |  | (32) |  | - |  | (103) |
| **Total** | **(5,205)** |  | **1,365** |  | **-** |  | **(3,840)** |
|  |  |  |  |  |  |  |  |
| **Net** | **10,267** |  | **916** |  | **-** |  | **11,183** |

| ***Deferred tax*** | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Charged) / credited to: | | | | | | |
| **At 1**  **January** |  | Profit or loss |  | Other comprehensive income |  | **At 31**  **December** |
|  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for decline in value | 271 |  | 484 |  | - |  | 755 |
| Investment in subsidiary | 200 |  | (200) |  | - |  | - |
| Allowance for impairment losses on equipment | - |  | 200 |  | - |  | 200 |
| Provision for employee benefits | 10,964 |  | 1,636 |  | 1,881 |  | 14,481 |
| **Total** | **11,435** |  | **2,120** |  | **1,881** |  | **15,436** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (3,737) |  | 1,281 |  | - |  | (2,456) |
| Finance leases | (103) |  | 27 |  | - |  | (76) |
| **Total** | **(3,840)** |  | **1,308** |  | **-** |  | **(2,532)** |
|  |  |  |  |  |  |  |  |
| **Net** | **7,595** |  | **3,428** |  | **1,881** |  | **12,904** |
|  |  |  |  |  |  |  |  |
| ***2018*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for decline in value | 679 |  | (408) |  | - |  | 271 |
| Investment in subsidiary | 200 |  | - |  | - |  | 200 |
| Provision for employee benefits | 11,032 |  | (68) |  | - |  | 10,964 |
| Derivatives | 42 |  | (42) |  | - |  | - |
| **Total** | **11,953** |  | **(518)** |  | **-** |  | **11,435** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (5,134) |  | 1,397 |  | - |  | (3,737) |
| Finance leases | (71) |  | (32) |  | - |  | (103) |
| **Total** | **(5,205)** |  | **1,365** |  | **-** |  | **(3,840)** |
|  |  |  |  |  |  |  |  |
| **Net** | **6,748** |  | **847** |  | **-** |  | **7,595** |

# Basic earnings per share

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 | |
|  | *(in thousand Baht / thousand shares)* | | | | | | |
| ***Profit attributable to ordinary shareholders for the year ended 31 December*** |  | | | | | | |
| Profit attributable to ordinary shareholders of the Company (basic) | 138,920 |  | 128,202 |  | 119,617 |  | 108,610 | |
| Number of ordinary shares outstanding | 107,625 |  | 107,625 |  | 107,625 |  | 107,625 | |
|  |  |  |  |  |  |  |  | |
| **Earnings per share (basic) *(in Baht)*** | **1.29** |  | **1.19** |  | **1.11** |  | **1.01** | |

# Dividends

The shareholders of the Company have approved dividends as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2019* |  |  |  |  |  |
| Annual dividend | 10 April 2019 | May 2019 | 0.30 |  | 32.29 |
|  |  |  |  |  |  |
| *2018* |  |  |  |  |  |
| Annual dividend | 3 April 2018 | May 2018 | 0.24 |  | 25.83 |

# Financial instruments

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group’s risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders’ equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

|  | Consolidated financial statements/  Separate financial statements | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | | | |  | 2018 | | | | | | |
| ***Assets and liabilities denominated in the foreign currencies***  ***as at 31 December*** | United States Dollars |  | Japanese Yen |  | Pound Sterling |  | Total |  | United States Dollars |  | Japanese Yen |  | Pound Sterling |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| Cash and cash equivalents | 68 |  | - |  | - |  | 68 |  | 73 |  | - |  | - |  | 73 |
| Trade accounts receivable | 41,636 |  | - |  | - |  | 41,636 |  | 81,425 |  | - |  | - |  | 81,425 |
| Other current receivables | 2,606 |  | - |  | - |  | 2,606 |  | 78 |  | - |  | - |  | 78 |
| Trade accounts payable | (45,078) |  | (3,265) |  | (276) |  | (48,619) |  | (55,333) |  | (7,403) |  | (191) |  | (62,927) |
| Other payables | (411) |  | (284) |  | - |  | (695) |  | (2,077) |  | (305) |  | - |  | (2,382) |
| **Gross exposure** | **(1,179)** |  | **(3,549)** |  | **(276)** |  | **(5,004)** |  | **24,166** |  | **(7,708)** |  | **(191)** |  | **(16,267)** |

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group’s customer base, Management does not anticipate material losses from its debt collection in excess of amount which an allowance for doubtful accounts was already provided.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and to mitigate the effects of fluctuations in cash flows.

***Carrying amount and fair values***

Carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value***.***

# Commitments with non-related parties

|  | | Consolidated | | | | | |  | | Separate | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | financial statements | | | | | |  | | financial statements | | | | | |
|  | | 2019 | |  | | 2018 | |  | | 2019 | |  | | 2018 | |
|  | | *(in thousand Baht)* | | | | | | | | | | | | | |
| ***Capital commitments*** | |  | |  | |  | |  | |  | |  | |  | |
| *Contracted but not provided for* | |  | |  | |  | |  | |  | |  | |  | |
| Building and constructions | | 946 | |  | | 12,659 | |  | | 946 | |  | | 12,659 | |
| Machinery and equipment | | 4,283 | |  | | 620 | |  | | 4,283 | |  | | 620 | |
| Office equipment | | 274 | |  | | 646 | |  | | 274 | |  | | 646 | |
| Computer software | | 578 | |  | | 98 | |  | | 488 | |  | | 98 | |
| **Total** | | **6,081** | |  | | **14,023** | |  | | **5,991** | |  | | **14,023** | |
|  | |  | |  | |  | |  | |  | |  | |  | |
| ***Future minimum lease payment*** | |  | |  | |  | |  | |  | |  | |  | |
| ***under non-cancellable*** | |  | |  | |  | |  | |  | |  | |  | |
| ***operating lease*** | |  | |  | |  | |  | |  | |  | |  | |
| Within 1 year | | 1,019 | |  | | 4,744 | |  | | 960 | |  | | 4,647 | |
| 1- 5 years | | 661 | |  | | 1,337 | |  | | 527 | |  | | 1,168 | |
| **Total** | | **1,680** | |  | | **6,081** | |  | | **1,487** | |  | | **5,815** | |
|  | |  | |  | |  | |  | |  | |  | |  | |
| ***Other commitments*** | |  | |  | |  | |  | |  | |  | |  | |
| Bank guarantees | | 6,311 | |  | | 7,143 | |  | | 6,311 | |  | | 7,143 | |

As at 31 December 2019, the Group had;

(a) operating lease agreements covering land, factory and office equipment and vehicles for the Company and covering office equipment for a subsidiary for periods of 9 months to 5 years, which will expire in various dates in 2020 to 2022.

(b) letter of guarantees issued by financial institutions in favour of the Company for the use of electricity and for performance bonds guarantee which some letter of guarantees of Baht 6.3 million were secured by the Company’s land and constructions.

(c) purchase order accepted by suppliers of the Company for purchase of raw materials for a total quantity of 6,805 MT *(2018: 5,400 MT)*, at the prices as determined in purchase order that will be delivered during 2020 *(2018: during 2019)*.

# Events after the reporting period

At the Board of Directors’ meeting held on 12 February 2020, the directors resolved to propose the dividend payment at Baht 0.35 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

# Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group’s operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

| **TFRS** | **Topic** |
| --- | --- |
| TFRS 7\* | Financial Instruments: Disclosures |
| TFRS 9\* | Financial Instruments |
| TFRS 16 | Leases |
| TAS 32\* | Financial Instruments: Presentation |

*\* TFRS - Financial instruments standards*

* 1. ***TFRS - Financial instruments standards***

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

* 1. ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group’s and Company’s future minimum lease payments under non-cancellable operating leases amounted to Baht 1.7 million and Baht 1.5 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.