



บริษัท เอ.เจ. พลาสติก จำกัด (มหาชน)  
A.J. PLAST PUBLIC COMPANY LIMITED

# ANNUAL REPORT 2019



# WORLD CLASS FILM PRODUCTS

FOR ULTIMATE  
CUSTOMER  
SATISFACTION



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# MESSAGE FROM THE PRESIDENT

## Dear Shareholders



On behalf of the Board of Directors of A.J. Plast Public Company Limited, I am pleased to present the company's annual performance report of the fiscal year 2019. Looking at the overall 2019 result, in the situations of unstable global economy, the economic slowdown due to trade wars continuously from 2018 and the fluctuation of currency exchange, A.J. Plast has been capable to operate under those challenging factors. Also, A.J. Plast has operated its business deliberately and minimizes business risks together with the developing a marketable product.

The customer demand trends for BOPP, BOPET, BOPA, CPP and METALLIZED films are continuous. A.J. Plast has been prepared to be ready for intensive competition that is required to improve the machine and production process efficiently in order to compete in the high valued and quality product market. The company has increased capacity of BOPA with high technology manufacturing line to move forward and enhance the core competence, the company aims to relentlessly develop new products especially eco-friendly products related to sustainable development and respond to an increase of market demand.

The operation results for 2019 as compared to 2018 indicated the sales revenue decreases of 899.35 million baht or 11.57%, from 7,769.77 million baht in 2018 to 6,870.42 million baht in 2019. The decreased revenue is due to the low level of crude oil price which has effect to product price lowering. The gross profit margin increases from 5.87% in 2018 to 8.80% in 2019. As a result, the company has improved operational performance in the year 2019 comparing to the year 2018.

Lastly, the management team and I will make a full effort to manage the company as entrusted by the shareholders of A.J. Plast Public Company Limited. On this occasion, I wish to express my gratitude for the excellent cooperation and full support rendered by the shareholders, financial institutions, customers, trade partners, creditors and all employees throughout the years.

**(Mr. Narong Suthisamphat)**

President

A.J. Plast Public Company Limited



# BOARD OF DIRECTORS

คณะกรรมการบริษัท



นายณรงค์ สุทธิสัมพัทธ์  
ประธานกรรมการ  
**Mr.Narong Suthisamphat**  
President



นางนภาพร สุทธิพงษ์ชัย  
รองประธานกรรมการ  
**Mrs.Napaporn Suthipongchai**  
Executive Vice President



นายกิตติภักดิ์ สุทธิสัมพัทธ์  
รองประธานกรรมการ  
**Mr.Kittiphat Suthisamphat**  
Executive Vice President



นายสุพจน์ โตนรัตน์  
กรรมการ  
Mr.Supote Tonurat  
Director



นายสุรศักดิ์ โกสียะจินดา  
กรรมการ  
Mr.Surasak Gosiyaajinda  
Director



นายนิพนธ์ โอฬารวรวัฑ  
กรรมการ  
Mr.Ninnat Olanvoravuth  
Director



นางชวีดา ศรีแสงนาม  
กรรมการ  
Mrs.Chavida Srisangnam  
Director

# Annual Report Ending December 31, 2019

## A.J. Plast Public Company Limited

### 1. General Information

1.1 A.J. Plast Public Company Limited, a public company registration number 0107537001285 (formerly 375), is engaged in manufacturing and distributing packaging films including BOPP film, BOPET film, BOPA film, METALLIZED film, and CPP film. Production capacity for each individual product is specified as 132,000 tons per year for BOPP Film, 62,000 tons per year for BOPET Film, 30,000 tons per year for BOPA Film, 23,500 tons per year for METALLIZED Film and 16,000 tons per year for CPP Film. The company's products are flexible packaging materials that can be used in various applications such as food and snack packaging, garment bags, flower sleeves, gift wrap, lamination wooden coating, electrical wire wrapping, insulation and frozen foods packages.

The company's products receive promotional privileges from the Board of Investment (BOI) Zone 3. The factory is located at the Leam Chabang Industrial Estate in Chonburi province, Thailand.

The company has a registered capital of 399,444,945 Baht, which are 399,444,945 ordinary shares at 1 Baht par value. The paid-up capital is 399,439,227 Baht, which are 399,439,227 ordinary shares.

Head Office is located at No. 95, Thakarm Rd., Samaedam, Bangkhuntien District, Bangkok 10150 , Tel: 0-2415-0035 Fax: 0-2415-1211. Website: [www.ajplast.co.th](http://www.ajplast.co.th)

The factory is located at Leam Chabang Industrial Estate No. 38/11 Moo 5, Thungsukala, Sri Racha District, Chonburi Tel: 038-490330-5 Fax: 038-490-337.

1.2 Other companies that the company holds more than 10% shares

- None -

1.3 Other Reference Persons

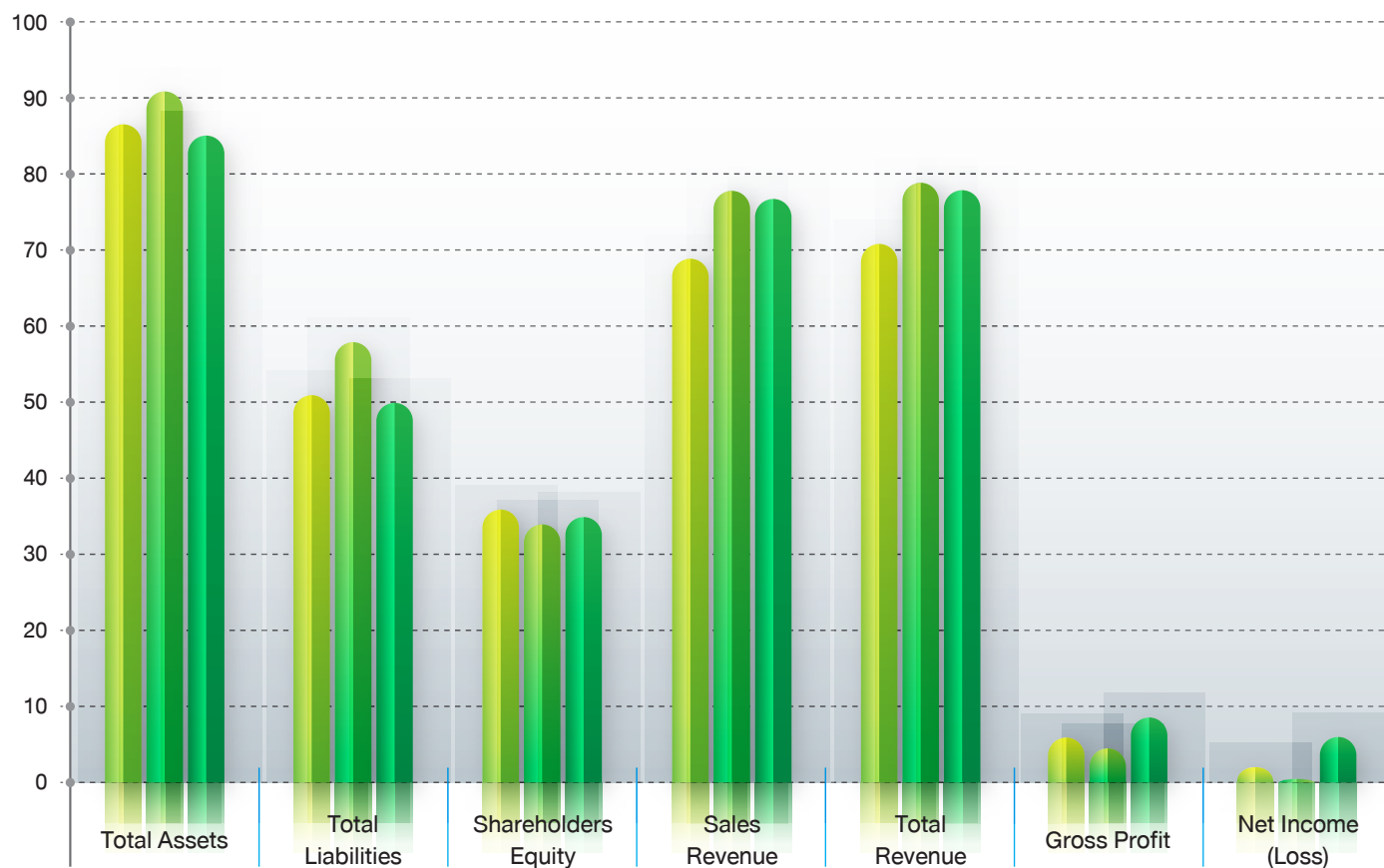
<u>Share Registrar</u>	- Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand, Tower A, 14 <sup>th</sup> Floor 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: 0-2009-9378-9389 Fax: 0-2009-9476
<u>Auditor</u>	- Mr.Chaiyakorn Aunpitipongsa No. 3196 Dr.Virach and Associates Office Co., LTD. No. 518/3 Maneeya Center North Building, 7 <sup>th</sup> Floor, Ploenchit Road, Lumpinee District, Khet Patumwan, Bangkok Tel: 0-2255-2518 Fax: 0-2253-8730

## 2. Summary of Financial Information

### 2.1 Financial Information

2019 2018 2017

(100 Million)

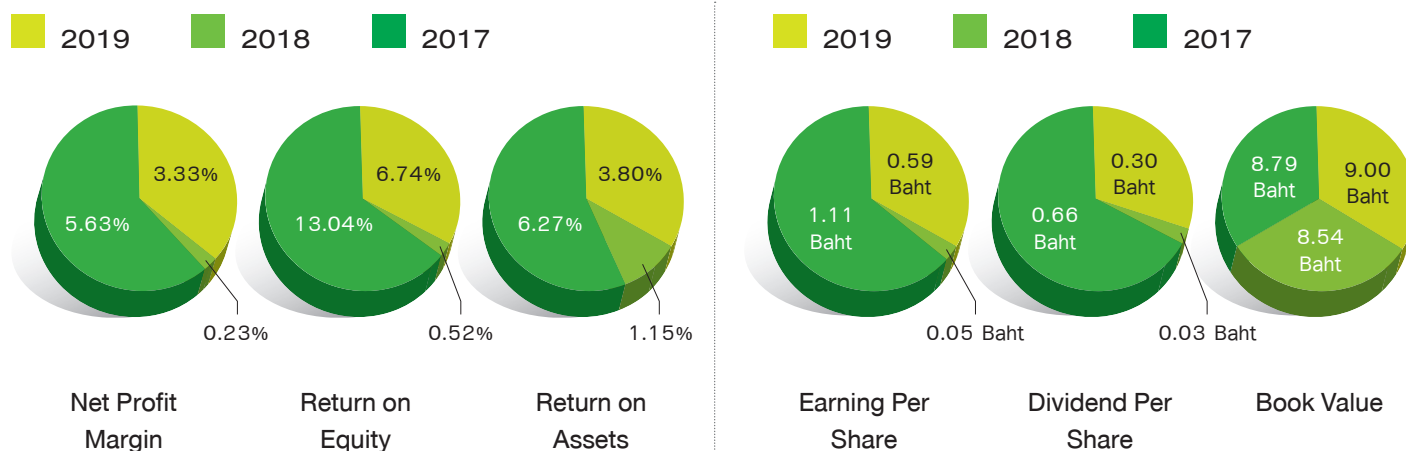


(Unit: Baht)

	2019	2018	2017
Total Assets	8,672,136,172	9,115,707,589	8,549,023,251
Total Liabilities	5,076,318,933	5,706,181,267	5,037,648,441
Shareholders Equity	3,595,817,239	3,409,526,322	3,511,374,810
Sales Revenue	6,870,421,175	7,769,774,214	7,695,854,387
Total Revenue	7,083,890,317	7,922,873,870	7,879,438,785
Gross Profit	604,643,113	455,708,637	858,628,814
Net Income (Loss)	236,167,787	17,983,280	443,442,664



## 2.2 Financial Ratio



		2019	2018	2017
Net Profit Margin	(%)	3.33	0.23	5.63
Return on Equity	(%)	6.74	0.52	13.04
Return on Assets	(%)	3.80	1.15	6.27
Earning Per Share	(Baht)	0.59	0.05	1.11
Dividend Per Share	(Baht)	0.30	0.03	0.66
Book Value	(Baht)	9.00	8.54	8.79

## 3. Policy and General Business Outlook

### 3.1 Vision-Objective – Goal or Strategy in conducting business

The company clearly sets the vision in order to be accepted as a leader in plastic film manufacturing which has a continuous investment and development in its innovation – to be fair to trade partners – to deliver good products and services – to encourage social responsibility and concentrate on work safety. The Board of Directors sets the objective concerning with policy, target, direction, long term strategy and annual budget and delegated the management to make a presentation. The Board expressed its opinion together with the management before approval and set duties and responsibilities of the Board, Management, Audit committee, A search and compensation committee, Risk management committee and the managing director, especially the responsibilities in financial operation (Details in management structure topic).

### 3.2 History and path of business development

A.J. Plast Public Company Limited was founded on 25 March 1987 with a registration capital of 1 million baht – Mr.Narong Suthisamphat was the founder (changed to Public Company Limited on May 3<sup>rd</sup> 1994) with its objective to produce and sell Bopp film. The first factory located at No. 19/111 Moo 7 Thakarm road Samaedam Sub.district

Bangkhuntien district Bangkok and on the 1<sup>st</sup> of June 2010 the household registration changed to No.95 Thakarm road Samaedam Subdistrict Bangkhuntien district Bangkok. Later on, the factory was relocated to Laem Chabang industrial estate, Thungsukala, Sriracha district, Choburi. The reason to move out was that the old location was too small and could not cope future expansion. Beside that, the new factory is near to Laem Chabang sea port and near to the raw materials source (Polypropylene resin) in Rayong, which is an advantage to save a considerable transportation cost.

The company has started to increase production lines which are the second BOPP film line, a BOPET film line and a METALLIZED film line in the middle of 2001. Additionally, the company introduced the third BOPP film line and the second METALLIZED film line at the end of second quarter and the third quarter of 2003, respectively. The second BOPET film line was added in 2004, and the first BOPA film, Nylon film, line was introduced at the beginning of 2006. The company added the fourth BOPP film line in 2008 and the third METALLIZED film line in 2009 respectively. In addition, the second BOPA film, Nylon film, line was increased in 2011. The third BOPET film line was added in 2012, the fifth BOPP film line in 2013 and the fourth BOPET film line was installed toward the end of 2013. In 2014, the company has introduced the sixth BOPP film line in the fourth quarter and the fourth line of METALLIZED film in the third quarter. In 2015, the company increased the fifth METALLIZED film in the first quarter. Moreover, in the last quarter of 2015, the company installed the sixth line of METALLIZED film and introduced the first line of CPP film, which are mostly used in packaging industry. In 2018, the company installed the seventh METALLIZED film line. As per the above, in 2010, the company sold off its first BOPP film line and the first METALLIZED film line. In 2012, the company sold off the first and the second BOPET film lines. In the end of 2016, the company has sold the second line of BOPP film since it was an out-of-date machine that had been in operation for a long period of time. Currently, the company operates total 15 lines as follows:

- BOPP Film	4 Lines
- BOPET Film	2 Lines
- BOPA Film	3 Lines
- CPP Film	1 Lines
- METALLIZED Film	5 Lines

At present the Suthisamphat group is the largest shareholders as of December 31, 2019, holding shares ratio of 56.52 percent of number of shares subscribed.

## 4. Nature of Business

### 4.1 Nature of Business

The company is engaged in manufacturing and distributing flexible packaging materials i.e. BOPP film, BOPET film, BOPA film, METALLIZED film and CPP film. The company's products are used in producing consumer goods packaging, such as food and snack packages, garment bags, flower sleeves, gift wraps, paper and wooden lamination, insulations to keep building cool, liquid products packages and frozen foods. The products are distributed to domestic and international customers at a ratio of 38.10 and 61.90% respectively (calculated from net sales in 2019).

The company is operating under one identity and has none of affiliated and subsidiary companies.

#### 4.2 Revenue Structure

The company has only one product line, which is flexible packaging material. However, the revenue structure by type of raw material can be shown as follow:

Type of Products	2019		2018		2017	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<b>Domestic</b>						
– BOPP Film	1,586,251	23.09	1,453,667	18.71	1,508,663	19.60
– BOPET Film	655,031	9.53	787,458	10.13	718,187	9.33
– METALLIZED film	189,191	2.75	194,383	2.50	149,563	1.94
– BOPA Film	136,887	1.99	144,786	1.86	275,895	3.58
– CPP Film	50,324	0.74	52,203	0.68	74,590	0.98
Total	2,617,684	38.10	2,632,497	33.88	2,726,898	35.43
<b>International</b>						
– BOPP Film	1,785,056	25.98	2,169,386	27.92	2,099,535	27.28
– BOPET Film	1,350,856	19.66	1,529,332	19.68	1,181,360	15.35
– METALLIZED Film	438,095	6.38	549,642	7.07	492,410	6.40
– BOPA Film	537,175	7.82	808,489	10.41	1,131,671	14.71
– CPP Film	141,555	2.06	80,428	1.04	63,980	0.83
Total	4,252,737	61.90	5,137,277	66.12	4,968,956	64.57
<b>Total Sales Revenue</b>	<b>6,870,421</b>	<b>100.00</b>	<b>7,769,774</b>	<b>100.00</b>	<b>7,695,854</b>	<b>100.00</b>

#### 4.3 Business Goal

The company implements its business plan in order to preserve the domestic market share and to increase export volume. From the previous year, the company had sufficient capacity of BOPP film, BOPET film, BOPA film, METALLIZED film and CPP film to supply customers, this resulted from continuous expansion which enabled the company to expand market bases both of domestic and export in order to accommodate future market growth.

#### 4.4 Flexible Packaging Industry

The packaging industry is continuously expanded especially the flexible packaging which has growth rate (comes from the domestic and export markets) higher than other packaging types. The growth of flexible packaging comes from the following factors;

1. Population growth
2. Growth of income per capita
3. Consumer spending behavior
4. Increasing number of packaging converters
5. Expansion of distribution channels especially modern trade

6. Excellent uniqueness that adds value to the products

7. Lower cost than other packaging materials

The flexible packaging types which the company produces are as follow, BOPP film, BOPET film, BOPA film, METALLIZED film CPP film and COATED film are directly linked to foods and confectionary industries by around 70 percent, and the rest belongs to other packaging types. The flexible packaging will eventually continue to grow no matter the level of economic growth.

Those film types will be used for different applications which the users must compare the characteristic of film which is suitable to products, price can be a factor to decide the purchase from users.

#### **4.5 Product Characteristics**

The company manufactures and distributes BOPP film, BOPET film, BOPA film (Nylon), METALLIZED film CPP film and COATED film which have been used extensively in many industries such as packaging, adhesive tapes, cassette tapes, frozen food industry etc. These six types of films can be used together or substituted one another depending on the final product's characteristic and customers' choice.

##### Characteristics of BOPP Film

BOPP film is made of polypropylene resin, which can be used in:

- 1) Printing bags for consumer products packaging as it helps improving products' appearances and extending their shelf lives.
- 2) Adhesive tapes production
- 3) Paper and wooden lamination
- 4) Packaging of products such as garment and flower
- 5) Making gift wrapping paper

##### Characteristics of BOPET Film

BOPET film is made of polyester resin, which can be used in:

- 1) Printing packages or laminating over BOPP film for preserving food's odor and freshness better than BOPP film does.
- 2) Microwave heating as it can stand the high temperature
- 3) Producing adhesive tapes
- 4) Making the insulation in electrical wire, battery and capacitor industry

##### Characteristics of BOPA (Nylon) Film

BOPA film is made of Polyamide resin which has dominant characteristics in high puncture resistance, abrasion resistance and pin hole resistance. Therefore, BOPA film can be used to make packaging for variety of food and consumable products such as

- 1) Retort food and liquid food
- 2) Liquid cleaner
- 3) Liquid detergent
- 4) Frozen food
- 5) Grain, cereal, rice, wheat
- 6) Coffee beans, tea

#### Characteristics of METALLIZED Film

METALLIZED film is made by feeding BOPP, BOPET, BOPA, or CPP film through metalizing process. This film is considered as a specialty film which has better selling price than regular film and can generate additional revenue to the company. The important characteristics of METALLIZED film are,

- 1) Sparkling effect on packages
- 2) Barrier properties: Both of Oxygen and Moisture resistance are better than normal BOPP, BOPET, BOPA, and CPP film.

#### Characteristics of CPP Film

CPP film is manufactured from Polypropylene resin similarly to BOPP film. CPP film has a good characteristic for sealing with other types of film with lower heat requirement therefore, the film is widely used in printing job for confectionary foods or constant noodles. Moreover, CPP film has a clear characteristic as being glossy and having good texture so it is popularly used for food or bread package that could add more product value.

#### Characteristics of COATED Film

COATED film is made by feeding BOPP, BOPET, BOPA, CPP, or METALLIZED film through coating process that is equipped with specific chemicals. The film is considered another type of specialty film that gives higher value to the products by increasing preserving property and keeping odor of food. Also, the film itself can be quoted higher due to its more superior characteristics.

The company's products are under promotional privilege by BOI's Zone 3 at Leam Chabang Industrial Estate in Chonburi province (details per no.19 privilege from promotion in notes to financial statement as at December 31, 2019)

## **4.6 Market and Competition**

### **4.6.1 Marketing Policy and Characteristics**

- *Competition Strategy*
  - Producing products with high quality standard to satisfy customers and support production in the related industry
  - Offering fair prices to customers
  - Ensuring on-time delivery
  - Providing excellent after sales service. As the company's products will be processed by customers, providing customers with information and suggestions will benefit the customers and consequently strengthen the relationship.
- *Target Customers' Characteristics.* The company's customers can be categorized as follows:
  - Printing factories, Side Seal bags and other packages printing factories, which the products used as the products, food, snack packages.
  - Adhesive tapes manufacturers
  - Electronic industry

No customer contributes more than 30% of the company's total revenue.

- *Distribution and Distribution Channels.* The company distributes to both domestic and international customers with the distribution channels as of December 31, 2019 as follows:



- Domestic market: The company sells directly to all types of customers. The domestic sale was 38.10% of total sales revenue.
- International market: The company distributes products to various countries including Japan, Korea, Australia, Taiwan, Hong Kong, Vietnam, Malaysia, Italy, Philippines, Singapore, Indonesia, Mexico, and the United States for instance. In most cases, the products are sold through agents who directly coordinate with customers. The customers open the L/C directly to the company and the agents receive the commission. The international sale accounted for 61.90% of total sales.

#### 4.6.2 Industry Condition and Competition

- Plastic Packaging Industry

Plastic packaging products which the company produces and distributes to both domestic and export markets consist of BOPP, BOPET, BOPA, METALLIZED, CPP, and COATED Films. The products are used by printing houses and converted to packaging for food and non-food applications.

The demand of packaging materials has expanded rapidly especially in food industry which relies on plastic packaging because plastic is light, easy to transport and low cost. In addition, the design of plastic packaging is attractive in the eyes of final consumers. The demand of packaging materials is attributed by the growth of population and economy which create purchasing power and demand for consumption.

- Competition

The packaging materials are well received and very much in demand which leads to capacity expansion in order to respond to the market growth. As competition can occur at any level of market demand, therefore, the company has developed personnel in marketing and production in attaining high level of efficiencies. The company's policy is to produce quality products with reasonable price and fast deliveries.

The plastic raw materials and products imported from free trade areas of which Thailand is a member, i.e. ASEAN-Korea, ASEAN-China are eligible for 0% import duty. This would allow the company products to obtain lower production cost and become more competitive compared with products from other producers outside the free trade areas. Thailand is searching for more economic partnership in order to expand international trade that will promote business activities and wealth to people as the whole. Peru is the latest partnership agreement which came into effect in 2012. The change of AFTA's status to AEC in 2015 means that the activities will expand rapidly not only in trade but there will be a flow of investment, service and labour across the whole region. The coming negotiation is the European Union (EU) which will come in place of the GSP (Generalized System of Preference) which Thailand will not be eligible for the preference of import duty from 2014 due to the rise of the national income.

- BOPP Film

BOPP film is frequently used in flexible packaging industry because of its low cost and is able to efficiently preserve shelf life of foods and snacks. BOPP film is growing at a fast rate due to the growth of population and economy at all levels which in turn create a constant demand for consumer goods. Market price is determined mainly by demand and supply.

There is only one domestic competitor which is Thai Film Industry Public Company Limited. As the company employs the market strategy which emphasizes on product quality, outstanding after sales service and strong customer relationship, the company is able to maintain the same level of market share. The company also has a competitive advantage over overseas producers as domestic customers normally base their decisions on product quality, lead time to delivery and import duty. In the past, high import duty served as a barrier to protect local producers. However, the import duty is gradually reduced in line with World Trade Organization (WTO) and FTA commitments. The company is aware of the situation and have prepared measures.

- **BOPET Film**

BOPET film is another type of packaging material. Its properties are suitable for odor and flavor retaining and also extend product life. Therefore, a decision to use either BOPP film or BOPET film depends on the applications. Apart from the extensive use in food industry, BOPET film can be applied in various industries such as electric wire wrapping, building heat insulation, audio vision, air duct and apparel decorations due to its excellent heat resistance and electrical insulation.

There are two domestic competitors which are Polyplex (Thailand) Public Company Limited and SRF Industry Company Limited, both of them only produce BOPET film. These competitors give no direct impact on company's position because of high level of demand in the market. Furthermore, as most customers require a combination of BOPP, BOPET, and CPP film at the same time, they generally prefer to order all film types from a single producer rather than making split orders. The company, therefore, has higher potential to serve this preferred needs. The company also has a competitive advantage over imported films as the local customers not only consider product quality and standard, but also lead time to delivery, import duty, and term of payment.

- **BOPA Film (Nylon)**

BOPA film is being used extensively in packaging for liquid food industry and frozen food because of its excellent characteristics in pin hole resistance, heat and cold resistance, oil resistance, and abrasive resistance. Therefore, BOPA film, BOPP film and BOPET film are the company's products which can be used extensively in food and consumable product industries.

While there is another domestic producer, Thaipolyamide Company Limited, who started producing the BOPA film at the same time, the company has been using past experience in films production and distribution to quickly gain market penetration. The success is also caused by product quality, after sales service and the company's business nature which has no conflict of interest with customers.

For competition against imported product, as there was no domestic manufacturer of BOPA film in the past, the product is still imported now but at a lower proportion. The company is confident that, within a short time, it will be able to compete based on its product quality and service and will capture more market share.

- **METALLIZED Film**

This film is made by metallizing plain film with Aluminum, which allows the film to better prevent air and humidity permeability and further extends the life of packaged product compare with using regular films. Thus, METALLIZED film is suitable for product packaging. Moreover, this product can be used in other industries in many applications such as flower wrap or air duct cover as it can also prevent heat circulation.

Currently, the company has total 5 METALLIZED lines. The first 4 machines are designed for Wire-Feed processing. In principle, the process calls for the evaporation of the coating material inside a vacuum chamber. Inside this chamber, aluminum wire is fed onto individual, resistance-heated inter-metallic evaporators, where the aluminum becomes molten and evaporates onto the film. The latest machine is Crucible type vacuum Metallizer machine which employs the method of melting aluminum in a crucible pot which provides excellent deposition quality and uniformity. This creates higher valued added to our product. The company expects that the market needs for two different metallized products will continue to grow and will lead to less competitive environment in the METALLIZED film segment.

- **CPP Film**

CPP film is produced from the same type of resin of BOPP film. It has better properties on heat seal strength and high gloss therefore, it is suitable to be used as the inner layer of packaging.

In 2015, the company installed the first CPP line during the last quarter of the year. The capacity is around 16,000 tons per year. CPP film is widely used with other types of films from the company; BOPP, BOPET, and BOPA film. This could be considered as to giving higher value to customers when it comes to selecting single supplier. Competitors for this product are smaller-sized manufacturers in Thailand and importer from Indonesia, for instance. The company expects that the market for CPP films will keep on growing from domestic and international needs. Moreover, adding up CPP film into the company's product assortment should help to better respond to the customers' needs.

- **COATED Film**

COATED film is a film that gets coating processed with specific chemicals. This film will possess better air and humidity permeability and further extend product life. This product could add more value to the company due to its superior characteristics. There is competition from small producers in Thailand and imported films from Japan. However, the company expects the COATED film segment will be growing for both domestic and international markets. Moreover, adding up COATED film into the company's product assortment should help to better respond to the customers' needs.

#### **4.7 Product Procurement**

##### Production

The company manufactures film by extruding and processing plastic resin into film sheets. The sheet is slit into sizes according to customers' orders. The company has one factory, which is located at Leamchabang Industrial Estate in Chonburi province. The total production capacity is 263,500 tons per year.

Production capacity for each individual product is as follow:

BOPP Film	4 Lines	(132,000 tons/years)
BOPET Film	2 Lines	(62,000 tons/years)
METALLIZED Film	5 Lines	(23,500 tons/years)
BOPA Film	3 Lines	(30,000 tons/years)
CPP Film	1 Lines	(16,000 tons/year)

The company has installed the third BOPA film, Nylon film, line in the second quarter with 12,000 tons per year capacity. Regarding to the high technology, the company expects to support high quality products to increasing customer's demand continuously.

#### Production Policy

It is the company's policy to produce a high-quality product and to conform to ISO 9001: 2015 standard in order to be well accepted in both domestic and international markets and then customers could use our products effectively in the related industry. Factors that allow the production to meet high quality standards are:

- Human resource needs to be developed and trained to effectively work to support the industry's expansion
- Machinery needs to be innovated to respond to the increasing customers' demand and allow production control to be more effective and efficient
- Raw material needs to be procured from a high quality and fairly priced sources

#### Procurement of Raw Material

The raw materials used in film production are Polypropylene resin for BOPP film and CPP film, Polyester resin for BOPET film, and Polyamide resin for BOPA film. For METALLIZED film and COATED film, the raw materials used are BOPP, BOPET, BOPA, or CPP film, which are considered the company's main products that are processed through Aluminum metalizing and chemical coating process, respectively.

In 2019, most resin supplies came from domestic sources which accounted for 86.35 percent while 13.65 percent were imported. The company purchase plastic resin from one domestic producer more than 30% of total purchases and this producer is not related to the company. The rest of the plastic resin was imported from United States, Korea, Japan, Hong Kong, Singapore, and China etc.

Plastic resin is considered a commodity which enables the company to procure the raw materials with equal quality from domestic and oversea sources. At present, most raw materials are procured from the domestic suppliers because the price is competitive and the inventory can be efficiently managed as there is no need to keep high stocks. However, some of the resins are imported in order to reduce risk of relying on a few domestic suppliers.

#### Impact on environment

##### Operation to reduce impact on environment

Plastic film production method is to extrude plastic resin and progress to produce plastic film which pollution free such as odors, noise, smoke and polluted water. The company has hired the expert to check the present system which the data collected are within the standard set by the industrial ministry and poses no impact to environment.

##### Investment cost to control the environment during the past three years

- None -

The impact when compared to regulations set

- None -

Conflict or legal dispute related to environment

- None -

#### **4.8 Work in Progress**

- None -

## **5. Risk Factors**

The following factors may cause risks for investors or the securities issuer.

### **5.1 Raw Material's Price Volatility and Shortage**

The major raw materials used in film production are Polypropylene resin for BOPP film and CPP film, Polyester resin for BOPET film, and Polyamide for BOPA film. Those three resins can be procured from either the domestic or oversea sources as they possess similar quality. In 2019, the resin prices have greatly fluctuated due to the increase and decrease in crude oil price. Therefore, the increasing price of the resin will have direct impact on the company's cost of production because the resin cost is constituted a major production cost. However, in most cases the company can adjust the film price in relation to the resin cost with the customer's acceptance.

### **5.2 Risk of Relying on Major Raw Material Supplier**

The company purchases plastic resin from domestic main producers which are HMC Polymers Co., Ltd. Indorama Polyester Industries Public Company Limited, Sojitz (Thailand) Co., Ltd. and IRPC Public Company Limited. The combined orders from those 4 producers for the past year were 43.10, 29.30, 8.92 and 3.88 percent out of total purchase respectively. However, the company can order plastic resin anywhere either from domestic or abroad because plastic resin is regarded as commodity product, even trade terms can be different. For importing plastic resin, the company must be prepared for long delivery time, long period of stock keeping and foreign exchange risk.

### **5.3 Risk in international trade from Anti-Dumping measurement**

The free trade agreements open doors for the flow of goods between trade partners but at the same time every country has measurements to encourage its own people to purchase goods produced in the country in order to reduce the imported goods by introducing non-tariff barrier and tariff barrier measurements. Therefore, the introduction of Anti Dumping measurements in countries that have plastic producers and our customers located. The importers must pay extra duty on top of normal duty if we cannot counter charge. But at the same time, it will be a good opportunity to do a long-term business when the investigation was proven that we did not dump the goods.

### **5.4 Risk of Hedging on Foreign Exchange Rate**

In 2019, the company are affected on export sale orders regarding to the unstable of exchange rate. The company converted most of loan liabilities from trust receipts into Thai currency to prevent risks on foreign exchange. The company made a forward exchange contract on the already established letter of credit (details as per no.18 on foreign currency transactions and no.28 on events after the reporting period notes to financial statements as at December 31, 2019) commitment and contingent liabilities.



As the company received parts of its earnings in U.S. dollars from exporting its products, the exchange rate risk can be mitigated. Such revenue is expected to be sufficient for the company's annual debt payment, specifically for the amount that exceeds the amount hedged by the forward contracts. However, the company still expose to the foreign exchange rate risk if such revenue decreases.

#### 5.5 Risk of Management and Administration

At the last closing date on December 31, 2019, as Suthisamphat Group owns 56.52% of the total shares sold, the group can control the shareholders' meeting decision including appointment of committee members, or any other matter that needs the majority vote of the shareholders' meeting unless it is legally or company policy required that three quarter of the votes are needed.

#### 5.6 Financial Risk from obtaining big amount of loan

At the end of 2019 the company has an obligation from long term loan amount of 2,083.57 million baht from financial institutes for investing in BOPP, BOPET, METALLIZED, CPP and BOPA lines which the repayment of principal and interest will start from 2015 to 2026 with conditions set by the financial institutes that the company must maintain D/E ratio not more than 3 throughout the loan contract period. At present, the D/E ratio (of the company is 1.41). It may become a risk if the company cannot maintain the D/E which result in breaching loan contract. And if the creditor rescinds the contract or change loan conditions, this may affect the company's liquidity and financial position.

## 6. Shareholders

The following table illustrates a list of ten largest shareholders by combining the related parties as of December 31, 2019 as follows:

Name	No. of Shares	Ratio (%)
<b>1. Suthisamphat Group<sup>1</sup></b>	<b>225,781,807</b>	<b>56.52</b>
Mr.Narong Suthisamphat <sup>2</sup>	34,365,422	8.60
Mr.Kittiphat Suthisamphat <sup>3</sup>	165,309,485	41.38
Ms.Ajala Suthisamphat	26,106,900	6.54
<b>2. Chatphiriyaphan Group</b>	<b>38,800,000</b>	<b>9.71</b>
<b>3. Cholkadeedamrongkul Group</b>	<b>13,091,700</b>	<b>3.28</b>
<b>4. THAI NDVR Co., Ltd.</b>	<b>7,527,320</b>	<b>1.88</b>
<b>5. Mr.Titanon Nakasiri</b>	<b>4,222,300</b>	<b>1.06</b>
<b>6. Mrs.Parinya Khancharoennsuk</b>	<b>4,144,944</b>	<b>1.04</b>
<b>7. Mrs.Ranit Supapipat</b>	<b>3,510,000</b>	<b>0.88</b>
<b>8. Mr.Suntichai Teawsomboonkij</b>	<b>3,302,600</b>	<b>0.83</b>

Name	No. of Shares	Ratio (%)
9. Mr.Songchai Thampnichkul	2,854,600	0.71
10. Mr.Somkiat Terdtoothaveedej	2,700,000	0.68
<b>Total</b>	<b>305,935,271</b>	<b>76.59</b>

<sup>1</sup> Mr.Narong Suthisamphat and Mr.Kittiphat Suthisamphat are acting in concert according to the announcement of the capital market supervisory board 7/2009 subject: specification of relationship or behaviors that are considered acting with other individuals and section 246 and section 247

<sup>2</sup> Including spouse's shares and companies that Mr.Narong or spouse owns more than 30%)

<sup>3</sup> Including spouse and child under 20-year old's shares and companies that Mr.Kittiphat or spouse owns more than 30%

## 7. Dividend Policy

The company has a policy to pay dividend not less than 30% after allocation to statutory reserve. This depends on the use of cash flow, investment plan, conditions of money and capital markets and conditions set by financial institutions. The interim dividend payment depends solely on the discretion of the Board of Directors, share dividend can be substituted for cash dividend.

## 8. Management Structure

### 8.1 Directors

The board of director consists of 7 members (as of December 31, 2019):

- |                               |  |
|-------------------------------|--|
| 1. Mr.Narong Suthisamphat     | President  |
| 2. Mrs.Napaporn Suthipongchai | Vice President                                       |
| 3. Mr.Kittiphat Suthisamphat  | Vice President and Managing Director                 |
| 4. Mr.Ninnat Olanvoravuth     | Chairman of Audit Committee and Independent Director |
| 5. Mrs.Chavida Srisangnam     | Audit Committee and Independent Director             |
| 6. Mr.Surasak Gosiyachinda    | Audit Committee and Independent Director             |
| 7. Mr.Supote Tonurat          | Independent Director                                 |

#### Authorized persons with legally bound signatures

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. Mr.Narong Suthisamphat     | President or                         |
| 2. Mrs.Napaporn Suthipongchai | Vice President or                    |
| 3. Mr.Kittiphat Suthisamphat  | Vice President and Managing Director |

sign and affix the company's seal on or two other directors jointly signed and affix the company's seal on.

#### Scope of Authorities of the Board of Directors

The Board of directors has a duty and responsibility to direct the company according to the law, objective and the internal rules of the company including passing solutions at the shareholders' meeting and take care the interest of the company. In short, the duty and responsibility of the board are as follow:

1. Perform duties based on skills, knowledge and experience in order to make the company achieve its goal and best interests in compliance to the laws, company's policies as well as shareholders' decision with prudence and responsibility to the shareholders.
2. Review and consider the policies and business direction proposed by the Management Committee including any decisions that are beyond the Management Committee and the Managing Director's authorities.
3. Monitor the Management Committee to effectively manage according to the company's policies. Have the Management Committee presents only issues that have significant impact on the business including acquisition or sale assets of the registered companies and related companies transactions in compliance with the regulations of the Securities Exchange Commission and Securities Exchange of Thailand and have them approved by the director who has no conflict of interest.
4. Review any operation according to the ethics of doing business, management, and staff and used such ethics as guidelines in the organization.
5. Elect some of the directors to be members of the management committee. Authorize and determine the scope of the authorization and command to the management committee and the managing director in the way that the company's objective can be achieved. Such authorization must not be given to the party that may have any conflict of interest with the company or the company's subsidiaries.
6. Appoint and remove authorized directors with legally bound signatures

Summarization of number of meeting attended by directors

Name	Title	No. of meeting attended
Mr.Narong Suthisamphat	President	7 / 7
Mr.Kittiphat Suthisamphat	Executive vice President	7 / 7
Mrs.Napaporn Suthipongchai	Executive vice President	7 / 7
Mr.Ninnat Olanvaravuth	Independent director and Audit Committee	7 / 7
Mrs.Chavida Srisangnam	Independent director and Audit Committee	7 / 7
Mr.Surasak Gosiyachinda	Independent director and Audit Committee	7 / 7
Mr.Supote Tonurat	Independent director	7 / 7

Minutes of the meeting to be recorded in full and the records are approved by the board and signed by the chairman.

**Executive Management consists of 3 members**

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. Mr.Narong Suthisamphat     | President                            |
| 2. Mrs.Napaporn Suthipongchai | Vice President                       |
| 3. Mr.Kittiphat Suthisamphat  | Vice President and Managing Director |

#### **Scope of Authorities of the Management Committee**

1. Approve important policies by aligning the company's objectives, mission and guidelines as well as the supervision of manufacturing and distribution.
2. Approve the acquisition of fixed assets under Baht 50 million in compliance with the Stock Market of Thailand's regulation regarding acquisition or sale of the registered companies' assets or the related transaction or any other related regulatory agency's.
3. Approve investment in a new project or business expansion and submit to the board of directors for further approval.
4. Perform regular business operations that are beyond the authority of the managing director.

#### **Audit Committee consists of 3 members**

#### **Titles**

- |                            |                 |
|----------------------------|-----------------|
| 1. Mr.Ninnat Olanvoravuth  | Audit Chairman  |
| 2. Mrs.Chavida Srisangnam  | Audit Committee |
| 3. Mr.Surasak Gosiyachinda | Audit Committee |

Mrs.Chavida Srisangnam, an Audit Committee No.2 has knowledge and experiences in reviewing the audited financial statements of the company. In 2019, she has deliberately audited and reviewed quarter and annual financial reports and agreed with auditor that the reports are, as per requirement by accounting and reporting standards, accurate.

#### **Scope of Authorities of the Audit Committee**

1. To review company's financial statements for accuracy and adequacy purpose.
2. The committee will ensure that the company must have appropriate and efficient of internal control system and shall review in the appointment, reassignment or dismissal of the internal audit.
3. To ensure that the company has duly complied with the laws on securities and exchange, the Stock Exchange of Thailand's (SET) requirements and other laws relating to the company's business.
4. To consider and propose to appoint the independence financial auditor and consider dismissing and to fix his auditing fee, and to hold a meeting at least once a year with the auditor without the presence of the management.
5. To review the disclosure of the company's information in case there is any connected transaction or any transaction with possible conflict of interest to ensure that the transaction is accurate, complete and transparent.
6. To openly provide a report to the company's annual report signed by the chairman of the audit committee and the report must contain the following information:
  - A. The opinion related to the acceptability and appropriateness of the financial accounting report.
  - B. The opinion related to the adequacy of the internal audit control.
  - C. The opinion related to the compliance of regulations set by the Stock Exchange or other laws related to company business.
  - D. The opinion concerned with the appropriateness of auditor.
  - E. The opinion concerned with the business relations which may lead to a conflict of interest.
  - F. Number of meeting and the presence of each audit committee.

- G. The opinion concerned with the feed back from the performance of their duties.
  - H. Other opinion that the investors should be informed under the scope of responsibilities authorized by the Board of Directors.
7. To act according to designation by the Board of Directors upon the Audit Committee's approval.

Summarization of number of meeting attended by Audit Committees

Name	Title	No. of meeting attended
Mr.Ninnat Olanvaravuth	Independent director and Chairman of AC	4/4
Mrs.Chavida Srisangnam	Independent director and Audit Committee	4/4
Mr.Surasak Gosiyachinda	Independent director and Audit Committee	4/4

**The search and compensation committee consists of 3 members**

- 1. Mr.Surasak Gosiyachinda      Chairman of search and compensation committee
- 2. Mrs.Chavida Srisangnam      A committee member
- 3. Mr.Supote Tonurat      A committee member

**Scope of the selection sub-committee and to consider the compensation**

- 1. To consider the structure of organization – factor and qualifications of director and managing director
- 2. To select an able and knowledgeable person for directorship or managing director position and propose to the Board or to the shareholders' meeting for an approval
- 3. To consider the reward structure for the directors, or the managing director such as payments to directors, salaries, annual payments, meeting's fees – gratuity – bonuses and other benefits either in cash or non-cash payment
- 4. To find suitable candidates for future replacement of the current managing director and the chairman
- 5. To perform other tasks as delegated by the Board regarding to selection and compensation

Summarization of number of meeting attended in the year 2019

Name	Title	No. of meeting attended
Mr.Surasak Gosiyachinda	Chairman of search and compensation	2/2
Mrs.Chavida Srisangnam	A committee member	2/2
Mr.Supote Tonurat	A committee member	2/2



**Risk management committee consists of 3 members**

- |                               |                                       |
|-------------------------------|---------------------------------------|
| 1. Mr.Kittiphat Suthisamphat  | Chairman of risk management committee |
| 2. Mr.Ninnat Olanvoravuth     | A committee member                    |
| 3. Mrs.Napaporn Suthipongchai | A committee member                    |

**Scope of authority of risk committee**

1. To review and propose policies and the framework of risk management to the Board of director for approval
2. To consider the review and recommending risk that is acceptable to and to propose to the Board for approval
3. To monitor the development and continuously follow the framework of risk management in order that the company attains the efficiency of risk management
4. To coordinate with audit committee relating to important risk and to have the internal auditor as the reviewer as to ensure that the company has a suitable internal control system for risk management including the introduction of suitable management risk to the organization
5. To perform tasks relating to management risk as delegated by the board

Summarization of number of meeting attended in the year 2019

Name	Title	No. of meeting attended
Mr.Kittiphat Suthisamphat	Chairman of risk management committee	1 / 1
Mrs.Napaporn Suthipongchai	A committee member	1 / 1
Mr.Ninnat Olanvaravuth	A committee member	1 / 1

**8.2 The company's management as at 31 December 2019 consisted of 11 persons**

- |                                     |   |
|-------------------------------------|---|
| 1. Mr.Kittiphat Suthisamphat        | Managing Director                                     |
| 2. Mr.Thosphol Chinandej            | Deputy Managing Director And Acting Marketing Manager |
| 3. Dr.Vouravis Veerakachen          | Deputy Managing Director                              |
| 4. Mr.Prasarn Aunvong               | Assistant Managing Director and Factory Manager       |
| 5. Mr.Fritz Friedrich Schanzer      | General Manager Consultant                            |
| 6. Mr.Peter Barnes                  | R&D Manager   |
| 7. Ms.Pacharaporn Suebsantiwong     | Planning Manager                                      |
| 8. Mr.Boonyarit Likitcharoenwattana | Finance and Accounting Manager                        |
| 9. Ms.Varaporn Posakabutr           | Purchasing Manager                                    |
| 10. Mr.Pradit Boonkanphai           | Computer Manager                                      |
| 11. Mr.Panitan Choke-umnuey         | Personnel Manager                                     |

**Scope of Authorities of the Managing Director**

1. Supervise, manage and operate the business for the best interest of the company under the authority given by the board of directors.

2. Approve trade terms for example determining customers' credit limit, term of payment, procurement and sales contract as well as change in trade terms
3. Approve the acquisition of fixed assets under Baht 20 million
4. Hire, appoint, penalize, and dismiss employees as well as promote and adjust employees' reward excluding any employees hired, appointed, penalized or dismissed by the board of directors.
5. Determine the operational procedure for the company in compliance with the company's policies, the board of directors' decision, labor law or any related regulations.

### **8.3 Company's secretary**

According to new regulations issued by the Stock Exchange of Thailand relating to and the conducting a Good Corporate Governance, the company must have a secretary (currently is Mr.Thosphol Chinandej) whose role and responsibility is to advise the Board and Management to follow rule and regulations and his responsibility is to call the Board and the Shareholders meeting, assisting the Board to perform according to solutions and to keep related files and documents.

### **8.4 Management Remuneration**

#### **8.4.1 Financial Remuneration for 2019**

All seven company's directors' remuneration is Baht 4,370,000 as follow

1)	Mr.Narong Suthisamphat	President	baht 470,000
2)	Mr.Kittiphat Suthisamphat	Executive vice president	baht 480,000
3)	Mrs.Napaporn Suthipongchai	Executive vice president	baht 480,000
4)	Mr.Ninnat Olanvoravuth	Chairman of audit committee and independent director	baht 820,000
5)	Mrs.Chavida Srisangnam	Member of audit committee and independent director	baht 820,000
6)	Mr.Surasak Gosiyachinda	Member of audit committee and independent director	baht 820,000
7)	Mr.Supote Tonurat	Independent director	baht 480,000

Shareholders' meeting (1/2019) on April 24, 2019 agreed to fix director's fee to baht 400,000 and baht 300,000 for audit committee fee apart from receiving director fee and approved to pay directors' meeting allowance for each time at baht 10,000 per person.

Salary and bonuses for all executive directors and management equals Baht 54.71 million.

#### **8.4.2 Non-financial Remuneration**

All executive directors and management receive remuneration in the form of the provident fund equals Baht 1.15 million.

### **8.5 Employees**

8.5.1 Number of employees as at December 31, 2019 and the remuneration included salary, bonus and provident fund in 2019 as follow:

Departments	Number of employees
Management	3
Production	1,017
Marketing	26
Office	73
Total	1,119

8.5.2 Remuneration in the form of salary and bonus is 416.15 million baht and the provident fund is 5.76 million baht.

8.5.3 No significant turn over of labor and no conflict of employment during the past three years.

8.5.4 Employee development policy

The company was provided ISO 9001:2015 certification which the objective of product quality procedures is; production, research and development, customer's satisfaction and continuously develop employee that enable the company to bring efficient results. Therefore, the company has set a training policy for every level of employment which employee will be etageres to absorb new knowledge. The training method must be in line with the needs from the organization in the field of technical, vocation, security, health and environment.

#### Information of the company's directors and managements (as of December 31, 2019)

Name / Position <sup>1</sup>	Age	Education / Training	Ratio of share-holding <sup>2</sup>	Relationship among management	Work Experience in the last five years		
					Period	Positioning	Organization
Mr.Narong Suthisamphat President	77	M.A. Economic, USC, California, U.S.A. DCP Class 143/2011-IOD	29,880,000 shares or 7.48%  Spouse or dependents 3,222,222 shares or 0.81%	Father of Mr.Kittiphat Suthisamphat	1987 – Present 1975 – Present  1986 – Present 2006 – Present 2010 – Present 2013 – Present 2013 – Present April 25, 2019 – Present	President President  Director Director Director Director Director Director	A.J. Plast PLC United Food PLC (Snack Industry) International foods Limited All Suwan Co.,Ltd. Japonica Rice Co.,Ltd. United Rice Co.,Ltd. All Marketing Co.,Ltd Sawasdee Holding Co.,Ltd
Mrs.Napaporn Suthipongchai Vice President	75	MBA, St. Mary's University, Texas, U.S.A. DCP Class 44/2004-IOD	Shares -None-  Spouse or dependents shares -None-	Spouse of brother of Mr. Narong Suthisamphat's spouse	2000 – Present 2012 – Present	Vice President Director	A.J. Plast PLC Convenience Supply Company Limited

Name / Position <sup>1</sup>	Age	Education / Training	Ratio of share-holding <sup>2</sup>	Relationship among management	Work Experience in the last five years		
					Period	Positioning	Organization
Mr.Kittiphat Suthisamphat Vice President and Managing Director	48	MBA Sloan School of Management Massachusetts Institute of Technology, Boston, U.S.A. DCP Class 72/2006-IOD	112,447,842 shares or 28.15%  Spouse and child under 20-year old's 52,037,777 shares or 13.03%	Son of Mr. Narong Suthisamphat	2000 – Present  October, 12 2015 – Present  April 20 – Present 2000 – Present April 25, 2019 – Present	Vice President & Managing Director  Independent Director and Audit Committee  Director Director Director	A.J. Plast PLC  Thai Plaspac PLC  National Power Supply PLC Suthiland Company Limited Sawasdee Holding Co.,Ltd
Mr.Ninnat Olanvoravuth Chairman of Audit Committee and Independent Director	73	PhD, Leadership and Organization Behavior U.S. International University DCP Class 121/2009-IOD	Shares – None –  Spouse or dependents shares – None –	–	1994 – Present 1981 – Present  2003 – Present	Director Secretary General  Independent Director and Audit Committee	A.J. Plast PLC Association of Southeast Asian Institute of Higher Education Choomporn Industrial Palm Oil PLC
Mrs.Chavida Srisangnam Audit Committee and Independent Director	75	B.A. Economics Thammasat University DCP Class 72/2006-IOD	65,555 shares or 0.0164%  Spouse or dependents shares – None –	–	2000 – Present	Director	A.J. Plast PLC
Mr.Supote Tonurat Independent Director	83	BSC, Chulalongkorn University DAP Class 48/2005-IOD	10,000 shares or 0.0025%  Spouse or dependents shares – None –	–	1991 – Present	Director	A.J. Plast PLC
Mr.Surasak Gosayachinda Audit Committee and Independent Director	77	B.A. Law Thammasat University DAP Class 48/2005-IOD	18,000 shares or 0.0045%  Spouse or dependents shares – None –	–	2002 – Present 1999 – Present  1998 – Present	Director Director  Director and Chairman of Audit Committee	A.J. Plast PLC United Food PLC (Snack Industry) Dynasty Ceramic PLC (Ceramic Industry)
Mr.Thosphol Chinandej Deputy Managing Director and Secretary	51	M.A., Organization Development U.S. International University DCP Class 208/2015-IOD	Shares – None –  Spouse or dependents shares – None –	–	2006 – Present	Deputy Managing Director and Secretary	A.J. Plast PLC

Name / Position <sup>1</sup>	Age	Education / Training	Ratio of share-holding <sup>2</sup>	Relationship among management	Work Experience in the last five years		
					Period	Positioning	Organization
Dr.Vouravis Veerakachen Deputy Managing Director	43	DBA, International Business Thammasat University M.S., Industrial Engineering University of Wisconsin MBA, Finance University of Wisconsin DCP Class 209/2015-IOD	Shares - None -  Spouse or dependents shares - None -	-	2008 - 2014	Assistant Vice President	A.J. Plast PLC
					2015 - Present	Deputy Managing Director	A.J. Plast PLC
Mr.Peter Barnes R&D Manager	59	Diploma (Dms) Operation University	Shares - None -  Spouse or dependents shares - None -	-	2006 - Present	R&D Manager	A.J. Plast PLC
Mr.Fritz Friedrich Schanzer General Manager Consultant	73	Mechanical Engineer Major: Special Machine Building for Biaxially Oriented Polypropylene Film	Shares - None -  Spouse or dependents shares - None -	-	2008 - Present	General Manager Consultant	A.J. Plast PLC
Mr.Prasarn Aunvong Assistant Vice President	65	MBA. Burapha University B.ENG(IE) Rajamangala University of technology Thanyaburi (RMUTT)	Shares - None -  Spouse or dependents shares - None -	-	2008 - Present	Assistant Vice President	A.J. Plast PLC
Ms.Pacharaporn Suebsantiwong Planning Manager	56	B.Sc. Kasetsart University	Shares - None -  Spouse or dependents shares - None -	-	1990 - Present	Planning Manager	A.J. Plast PLC
Mr.Boonyarit Accounting and Financial Manager	62	MBA, Accounting Ramkhamhaeng University B.A. Accountancy Thammasat University	Shares - None -  Spouse or dependents shares - None -	-	Dec 2004 - May 2014	Accounting and Financial Manager	A.J. Plast PLC
					Aug 2015 - Present	Accounting and Financial Manager	A.J. Plast PLC



Name / Position <sup>1</sup>	Age	Education / Training	Ratio of share-holding <sup>2</sup>	Relationship among management	Work Experience in the last five years		
					Period	Positioning	Organization
Ms.Varaporn Posakabutr Purchasing Manager	76	AUA Language Center Level 12	Shares - None -  Spouse or dependents shares - None -	-	Present	Purchasing Manager	A.J. Plast PLC
Mr.Pradit Boonkanphai Computer Manager	64	B.A. Major: Administration Minor: Marketing Chulalongkorn University	Shares - None -  Spouse or dependents shares - None -	-	1999 – Present	Computer Manager	A.J. Plast PLC
Mr.Panitan Choke-umnuey Personnel Manager	48	LL.B. Ramkhamhaeng University	Shares - None -  Spouse or dependents shares - None -	-	May 2016 – Present 2013-2016  2005 – 2013	Personnel Manager HR Manager  HR Manager – Retail	A.J. Plast PLC  Dai-ichi Packaging Company Limited The Thai Silk Company Limited

Notes: <sup>1</sup> Authorized persons with legally bound signatures are Mr.Narong Suthisamphat or Mrs.Napaporn Suthipongchai, Vice President or Mr.Kittiphat Suthisamphat, Vice President sign and affix the company's seal on or two other directors jointly signed and affix the company's seal on.

<sup>2</sup> Including shares of spouse or dependents

Name	A.J. Plast PLC	United Food PLC*
Mr.Narong Suthisamphat	President, Executive Director	President
Mr.Surasak Gosiyachinda	Independent Director	Director

\* Related companies

## 9. CORPORATE GOVERNANCE

### 9.1 Polices of the corporate governance

A.J. Plast PLC realizes the importance of the good corporate governance which can be attained by adhering to fairness and honesty and would like to see the responsibility of employees toward their works with clarity and integrity. The board of directors have set polices on good corporate governance as a guideline in conducting business which people will have to comply with

- 1) To construct the management structure that set scope of responsibility of directors – executive directors – sub-committees and the managing director that will raise the efficiency of operations
- 2) Ensuring that all procedures being carried out with efficiency under a good internal control system and an appropriate balance of power including clarity operation that can be checked and an efficiency in disclosing information

- 3) Ensuring that the report of financial statements reflexives true results of its operations including appropriate steps to risk assessment
- 4) To prevent the conflict of interest for the company's benefit
- 5) To instill conscience and morals to the management and employee to become good conduct – integrity and responsibility in order to adjust themselves to future change
- 6) To realize the rights of shareholders and stakeholders and to provide fair and equitable treatment to all people and to give opportunity to all stakeholders expressing their opinions and to give information when illegal actions took place and to find a compensation solution when the rights of stakeholders were violated
- 7) To have obligations to all shareholders, stakeholders and to promote social responsibility in order to preserve environment and to participate in sustainable development in accordance to the company's status.
- 8) To prevent anybody using inside information for personal gain.
- 9) To set a measurement in reporting any wrong doing or an offense against law place which may mar the company's reputation or the financial position. The company will report the case at once and try to remedy the impact and to prevent any recurrence.

The company sets a policy for Good Corporate Governance 5 headings as follow:

#### **1. Rights of shareholders**

The Board of Directors is well aware the importance of shareholders' rights by setting a Good Corporate Governance Policy in order to create a confidence that the basis rights of shareholders will be protected such as buy – sell or transfer shares, the rights to receive adequate information, participation in shareholders' meeting including the voting rights for important issues and the rights to share the profit.

The Board of Directors is well aware the importance of shareholders' rights and equitable treatment, the Board must provide shareholders of adequate information in a timely manner for making decisions, shareholders have rights to participate in the meeting – to vote for the change of significant issue. To elect or remove directors. The Board of Directors has a policy to facilitate shareholders to attend meeting by sending out invitation letter to shareholders with full support documents – the invitation letter contains details of agenda and the board's opinions – proxy forms and names of independent directors which the shareholders can give authorization to attend the meeting in advance and a map showing the venue of the meeting. Apart from this, the shareholders can check information related to the meeting from the company's web site ([www.ajplast.co.th](http://www.ajplast.co.th)) at least 30 days before the meeting. The company allows shareholders to register their name an hour before the meeting and the minutes of the meeting will be recorded in full.

#### **Shareholders meeting**

There was one meeting in 2019 which was an Annual General Shareholders' meeting No.1/2019 on 24 April 2019, held at the Montien Riverside Hotel, no 372 Rama 3 road, Bangklo, Bangkoklaem, Bangkok. The company's directors gave importance of the meeting and all directors included the audit committee and independent directors attended the meeting. Before the start of the meeting, the chairman clearly explained ways to cast vote and vote counting and appropriate time allocation, during the meeting, shareholders have equitable rights in giving opinions and making queries before vote casting and summarizing solution of each agenda including giving rights to shareholders one day in advance to questions issues related to the meeting.

## **2. Equitable treatment of shareholders**

The company is giving the importance of equitable treatment to shareholders on the following:

- 1) The company send out invitation letter prior to the meeting together with annual report – proxy forms and a map of the meeting venue at least 7 days in advance and at least 14 days in advance in case of urgent matter.
- 2) Before the meeting, the company gives ballot papers to the shareholders and proxies and giving opportunities to query before vote casting of each agenda.
- 3) Conduct the meeting by agenda as appeared in the letter of invitation and the company has a policy not to add extra agenda without notifying shareholders in advance in order to allow shareholders to study information before making decision.
- 4) List names of all independent directors in proxy forms that can lead and support shareholders to give authorization and an opportunity to give authorization to any independent directors.
- 5) To record minutes of the meeting in full and send the report of the meeting to the stock exchange of Thailand within 14 days after the meeting and to display the report in the web site together with pictures taken in the meeting.
- 6) To set direction of written procedures concerning the use of inside information by warning directors – management – staff and related persons not to use significant inside information to change the share price not yet release to public according to the Securities Exchange act B.E 2535 (1992) states that directors – executive or department manager or equivalent to finance and accounting level must report stock holding at beginning of taking office and to report to stock exchange commission with 3 days of stock transaction and the director and executive should regularly submit to the Board a report on ownership of the company's shares

## **3. Role of Stakeholders**

The company is giving importance of rights to all group of stakeholders regardless of internal stakeholders such as employees or the management or the external stakeholders such as customers, suppliers, creditors, competitors or related parties because the company's aware of strong support coming from stakeholders for competitiveness and profitability which eventually can be accounted as the long-term success.

The company provides channel of information for shareholders and related persons – one of the channel is the company's website. This channel will give shareholders chances to give opinions, leave comments or inform complaints when discovered unfair treatment, unlawful behaviors or unethical behaviors by the company. The website, [www.ajplast.co.th](http://www.ajplast.co.th), displays financial report and internal control system by audit committee. The company have a system to protect the informers and will treat as confidential.

### **Treatment of major stakeholders**

#### **(1) Employee**

The company is aware that employee is a main factor to reach objective, there fore the company sets a policy on employee treatment in business ethical manual, it is the policy that the company should give fair treatment concerning with opportunity and reward including development of efficiency. In the previous years the company has motivated employee to reach work target by offering quarterly incentive bonus which yielded a considerable success, and also set work environmental manual for safety reason in order to protect assets and life of employee.

(2) Customer

The company aware the importance of customer's toward business success and wishes to efficiently respond the demand from customers by setting policy on customer service in the manual and strictly keep commitments made with customers by providing good services and punctual deliveries with fairly price. To give up date information and strictly conform to conditions including set a system concerning with quality, volume and product safety including recommendations the use of products and services.

(3) Partners or Creditors

The company sets a policy toward fair treatment to partners and creditors by considering optimal benefit, the basis of fair reward for both sides and avoid a situation that may cause a conflict of interest.

(4) Competitors

The company treats competitors under universal acceptance with in legal frame work on trade and competition, not to steal trade secret from competitor. The company in the past year had no legal conflict with competitors.

(5) Environment and Society

For environment and society, the company sets a policy to conduct business that gives benefit to economy and society. The company situates at the Laemchabang industrial estate, producing plastic film through extrusion process. The plastic production process does not cause pollution such as odor, smoke and wasted water, and the level of gauge reading is within the standard set by the ministry of industries.

#### **4. Disclosure and transparency**

Information disclosure is important to Good Corporate Governance which the company must give importance to information that is to give information to the stock exchange, shareholders, complete, up date, equitable and transparency. The company has an office for investor relations in order to give information and answer questions. Details of information disclosure and transparency are as follow:

(1) Remuneration of Directors and Management

See details of Directors and Management's remuneration, heading 8.4 responsibilities of directors.

The company discloses role and duties of the Board of Directors, audit committee, executive directors, a search and compensation committee, risk management committee and managing director and number of attending meeting under management structure.

(2) Report of Board of Directors

The Board of Directors has a responsibility toward the company's financial statements and financial information that appear on the annual report. The said financial statements are prepared under generally accepted accounting principles and by choosing an appropriate accounting policy with consistent practice including adequately disclosure of financial information in the notes.

The Board of Directors has recognized the important Good Corporate Governance and recognized the important of shareholder's right in receiving the correct and adequate company information for making decision in the shareholder's meeting and the company has given all shareholders with equitable right in checking company's operations.

In this respect, the Board of Directors has appointed an audit committee which composed of independent directors they are responsible for the quality of financial reports and the internal control system. The opinion of the audit committee in this respect appeared in the committee' report as shown in the annual report.

The board considered and satisfied with the control system which will create reasonable credibility in the financial statements as of December 31, 2019.

**Information of change in management's securities holding (as of December 31, 2019)**

Name / Position <sup>1</sup>	Ratio of share-holding <sup>2</sup>	Buying / Selling shares	Amount
Mr.Narong Suthisamphat, President spouse	29,880,000 3,222,222	- -	29,880,000 3,222,222
Mrs.Napaporn Suthipongchai, Vice President spouse	- -	- -	- -
Mr.Kittiphat Suthisamphat, Vice President and Managing Director spouse and underate children	112,447,842 52,037,777	- -	112,447,842 52,037,777
Mr.Ninnat Olanvoravuth, Chairman of Audit Committee and Independent Director spouse	- -	- -	- -
Mrs.Chavida Srisangnam, Audit Committee and Independent Director spouse	65,555 -	- -	65,555 -
Mr.Surasak Gosayachinda, Audit Committee and Independent Director spouse	18,000 -	- -	18,000 -
Mr.Supote Tonurat, Independent Director spouse	10,000 -	- -	10,000 -
Mr.Thosphol Chinandej, Deputy Managing Director and Secretary spouse	- -	- -	- -
Dr.Vouravis Veerakachen, Deputy Managing Director spouse	- -	- -	- -
Mr.Peter Barnes, R&D Manager spouse	- -	- -	- -

Name / Position <sup>1</sup>	Ratio of share-holding <sup>2</sup>	Buying / Selling shares	Amount
Mr.Fritz Friedrich Schanzer, General Manager Consultant and spouse	- -	- -	- -
Mr.Prasarn Aunvong, Assistant Vice President spouse	- -	- -	- -
Ms.Pacharaporn Suebsantiwong, Planning Manager spouse	- -	- -	- -
Mr.Boonyarit, Accounting and Financial Manager spouse	- -	- -	- -
Ms.Varaporn Posakabutr, Purchasing Manager spouse	- -	- -	- -
Mr.Pradit Boonkanphai, Computer Manager spouse	- -	- -	- -
Mr.Panitan Choke-umnuey, Personnel Manager spouse	- -	- -	- -

### (3) Relation Investors

The Board of Directors is aware of importance of financial and non financial disclosure related to business and operating performance with accuracy, sufficiency and credibility, which shows the company's performance the true financial status of the company including the future performance. In doing this, the company must act in compliance to law and regulations related to the disclosure of information set by the Stock exchange of Thailand by passing information to shareholders through channel information of the stock exchange.

The interested parties can receive information from the relation investor office by contacting Mr.Thosphol Chinandej, Tel 0-2415-0035, Ext. 144, Fax 0-2415-3795 or e-mail: investment@ajplast.co.th

## 5. Responsibilities of the Board of Directors

### (1) Structure of the board

#### (1.1) Component of the board

The board consists of 7 directors which is appropriate to the size of the organization and can be divided as follow:

3 members as the executive directors

4 members as the independent directors (Three of which are in audit committee)



Therefore, the 4 independent directors is 57.14% of the total directors and not less than one third of total directors. Therefore, the performance and managing of executive directors are under supervision of neutral independent directors which is considered a balance of power.

(1.2) Tenure of Directors

Details under 9.3 selection of directors and management in component and selection of directors.

(1.3) To fix qualification of independent directors

Details under 9.3 selection of directors and management in component and selection of independent directors

(1.4) Combining or splitting a position

The chairman is a representative of major shareholders – holding 56.52 percent of total shares

The chairman is not the same person as the managing director but both are the representative from the same group of major shareholders, but the role and power of authorities are clearly separated in order to create a balance of power in managing the organization. However, the structure of the board consists of more than one third of total directors which creates a balance of power that can effectively review the performance of the management.

(1.5) Company's Secretary

Details in 8.3 under company's secretary.

(2) Duties and responsibilities of the Board of Directors

(2.1) Supervision policy

The board believes that a good supervision system is an important factor in bring success and optimal benefit to the organization and share holders. The company is well aware of effective supervision in enhancing the transparency and competitiveness. By doing this, the board has set a policy in supervising the management to adhere to the policy for a long term benefit to shareholders under 5 sections of Good Corporate Governance ship set by the stock exchange, those are, rights of shareholders, equitable treatment, role of stakeholders, disclosure of information and responsibilities of the board.

(2.2) Leadership and vision

The company clearly sets the vision in order to be accepted as a leader in investment and a plastic film producer – to be fair to trade partner – to have good products and services – to be awareness of social responsibility and concentrate on work safety. The Board of Directors set the vision objective concerning with policy, target, direction, long term strategy and annual budget and delegated the management to make a presentation. The Board expressed its opinion together with the management before approval and set duty and responsibility of the Board – Management – Audit committee and the managing director specially clearly fixed responsibilities in financial operation – per details in management structure.

(2.3) Conflict of Interest

The company set an important policy not to let directors, management and employee seek for their own interest and put it in ethical manual concerning with the acts of directors – management and employees and trying to avoid connected transactions which may lead to a conflict of interest with the company and in the case that is in avoidable and for the sake of company interest which the board must comply to conditions set by the Stock Exchange of Thailand and must strictly follow the criterion and disclose information related to the listed company.

Apart from this the Board will forbid the use of information received for their own interests or doing a business competing with the company or related transactions including not to use inside information for stock transactions or giving information to the outsiders for stock transactions which the company can make pensions as follow.

- Transactions which may lead to conflict of interest, The Board the considers the appropriateness the connected transactions which may lead to conflict of interest including the compliance of criterion set by the Stock Exchange as if conducting transactions with the outsiders.
- According to the Stock Exchange Act 1992 – directors and the management must report the holding of company stocks once in the office and giving report for stock transactions within 3 days to the Stock Exchange Commission and must also report to the Board of Directors.

#### (2.4) Business ethics

In order to give maximum benefit to shareholders for which the Board has a policy to recognize its important together with target attainment, therefore, the Board set a target and a procedure in order to reach the target as mentioned in the vision chapter. Therefore, it is a duty of the director management and all employees to acknowledge and observe policy and regulation as stipulated in business ethics guideline.

#### (2.5) Control System and Internal Audit

The company has a policy in order to ensure efficiency and adequacy with acceptable risk level and suitable to surrounding conditions of the organization. The internal auditor regularly monitored activities in order to adjust control measures more suitable to the surrounding and changeable risks. The Board has evaluated the company's control system and concluded that the present control system is adequate and appropriated and can prevent the improper use of assets from management and authorized person. In the past, there was no flaw of this system and the company is confidence that the internal auditor will efficiently control the operations as directed by the company.

The board gives the importance of risk management including risk related to company's operation according to 56-1.

#### (3) Board of Director's Meeting

There were 7 meetings in 2019, invitation letters together with agenda were sent out at least seven days in advance allowing them enough time to study and adequacy of meeting time. In the meeting, each director can openly discuss the matter. In the case, dealing with an important issue, the interested director must stay outside the meeting room.

#### (4) Remuneration of directors and management

Remuneration of the directors: The company has clearly set the remuneration of the directors, which corresponds to that of the industry and competitive enough to maintain the directors with the required qualification. Such remuneration was approved by the shareholders. In addition, there was an increase in audit committee's remuneration according to the increase in their amount of work.

Remuneration of management: Management's remuneration follows the company's policies by relating to the performance of the company and each individual executive.

Details of remuneration in 2019

- Directors

	2019		2018	
	No of directors	Total (million baht)	No of directors	Total (million baht)
Director's fee	7	4.37	7	4.25
Other rewards	-	-	-	-
Total		4.37		4.25

- Executive directors and management

	2019		2018	
	No of directors	Total (million baht)	No of directors	Total (million baht)
Salary and Bonus	13	54.71	13	50.62
Provident Fund	13	1.15	13	1.06
Total		55.86		51.68

Other not in the form of financial reward

Directors none

Executive directors and management none

(5) Development of Directors and managements

Director must be self-developed by attending seminar or meeting with the Thai institute of directors, Stock exchange of Thailand, Securities exchange commission and related institutions as details as follows:

- Mr.Kittiphat Suthisamphat, Vice President and Managing Director  
The Executive Program in Energy Literacy for a Sustainable Future, TEA #13
- Mr.Thosphol Chinandej, Deputy Managing Director and Secretary  
Making the CEO of Thailand Course #1
- Dr.Vouravis Veerakachen, Deputy Managing Director  
Advanced Master of Management Program, AMM #2

**9.2 Subcommittee**

The Board appoints a subcommittee to oversee the following:

1) Sub Audit Committee was set up in 1999 is having a two-year term which consists of three independent members, those are:

1. Mr.Ninnat Olanvoravuth, Chairman of the Audit Committee and Independent Director
2. Mrs.Chavida Srisangnam, Audit Committee member and Independent Director
3. Mr.Surasak Gosiyachinda, Audit Committee member and Independent Director

The committee hold meeting four times in 2019 and reported to the board, the role of the audit committee and scope of authorities are of following

2) The search and compensation committee was set up in 2011 is have a two-year tenure and composes of 3 directors as follows.

- |                             |   |
|-----------------------------|---|
| 1. Mr.Surasak Gosiyachinda, | Chairman of search and compensation committee and an independent director |
| 2. Mrs.Chavida Srisangnam,  | A committee member and director   |
| 3. Mr.Supote Tonurat,       | A committee member and an independent director                            |

The search and compensation committee hold two meeting in 2019 has a role to find a suitable candidate to be nominated as a director or a management who must have full qualification criteria set by section 68 of public company act 1992 and not having characteristics forbidden by The Security Exchange Commission. The company has given an opportunity to shareholders to select and nominate a person for directorship at the shareholder's meeting in 2020 and will inform shareholders via the exchange channel or by the company's website. By the exchange regulation forbidden any person to be appointed as director more than 5 listed companies. Once the board has decided to select a new candidate as a director which the board must forward to the shareholder's meeting for approval. The committee must use compensation date of the same type and size of industry and operating results which will be criteria to set the compensation and will forward the findings to the shareholder's meeting.

3) Risk management committee was set up in 2011 appointing risk management committee order to oversee various risks of the company, the committee has a two-year tenure and composes of the following 3 persons.

- |                                |                                       |
|--------------------------------|---------------------------------------|
| 1. Mr.Kittiphat Suthisamphat,  | Chairman of risk management committee |
| 2. Mr.Ninnat Olanvoravuth,     | A committee member                    |
| 3. Mrs.Napaporn Suthipongchai, | A committee member                    |

The committee hold meeting one time in 2019 and reported to the board, the role of the audit committee and scope of authorities are of following

### **9.3 Selection of Director and Management**

The company appoints a search committee in order to find a candidate to be nominated as director or management, the candidate must possess full qualification criteria set by section no. 68 of Public Company Act 1992 and not having characteristics forbidden by The Security Exchange Commission regarding to application and approval on initial public offering dated March 22, 2002. The selection procedures will be as follows:

#### **Component and appointment of the Board of Directors**

According to the company's policies, the board of directors must not have less than five members and half of the directors must be local residents of Thailand. Board members must be in board of directors, not more than five companies. Additionally, to create the board of directors meeting, members of the board of directors must attend more than the half of members.

In voting for directors' selection, the shareholders meeting will choose director by representing one share for one vote. Each of the shareholders needs to vote for all the shares in possession to select one or more person to be directors. The persons who receive the highest scores will be appointed as directors as many as the available positions allow. In the case of equal score, the chairman of the Board will make the final decision.

In every annual shareholder meeting, one third or nearest to one third of the directors will be retired.

For official appointment of directors with legally bound signatures, the president or the vice president needs to sign and affix the company's seal or two of the directors jointly sign and affix the company's seal on. The Board of the Directors has the authority to change legally bound directors.

**Consideration in appointing independent director.**

There are 4 independent directors by December 31, 2019 with qualifications as follow

- A) To be not able to hold more than 0.5 percent of voting right in the company, subsidiary or joint companies or an individual person who may have a conflict of interest.
- B) Not an employee, staff or consultant who receive salary or the management of the main company, subsidiary or joint companies or an individual person who may have a conflict of interest.
- C) Not related by blood or legally registered whether to be parent, spouse, cousin and children together with the child spouse of the management, major shareholders who has a power to control or an individual who was nominated to management position or who has an authority to control the company or the subsidiary company.
- D) No business relationship with the company, the main, the joint companies or an individual who may have a conflict of interest that may obstruct this dependent thinking and no other way that prevent this freedom of thinking related to the company's operation.

In addition, regarding to the company's policies, independent directors must not hold the position more than nine years.

**Component and appointment of the Management Committee**

The board of directors appoints the management committee by choosing from the board of directors' directors.

**Component and appointment of the Audit Committee**

The board of directors appoints the audit committee by choosing at least three the qualified persons according the Security Exchange of Thailand's notification. Each audit committee member has a two – year tenure term.

**Component and appointment of a search and compensation committee**

The board of directors appoints a search and compensation committee by selecting from number of directors for a suitable candidate and to consider compensation – meeting fee and other which is in line with other industries of the same size. Most of selected committees are independent directors who have a two – year tenure.

**Component and appointment of risk management committee**

The board of directors appoints a risk management committee by selecting from number of directors for the purpose of overseeing various risk and have a two – year tenure.

**9.4 The control operation of the affiliated and subsidiary companies**

– None –

### **9.5 Supervision the use of Internal Information**

In supervising the use of internal information, the company has set working rules to be equitable to all shareholders by informing the directors, management and employees not to use information that has not been released to the public for self-benefit, directly or indirectly. Employees must possess ethical works and will not seek or accept from others any kind of benefits, directly or indirectly. In any case, if director, management, or employee violates the rules in wrong full act, the company will evoke punitive measures, with employment termination as highest scheme. The important policies are listed below;

- 1) The company has disclosed to directors, management, and employees regarding the announcement of the Board of Governors of the Stock Exchange of Thailand that states any changes in stock ownership of the company's directors and management must be notified within 3 days following the changes to the office of the Board of Governors of the Stock Exchange of Thailand following its Article number 59 of the Stock and Stock Exchange Act B.E. 2535. Additionally, notification to company's secretary is compulsory for recording purpose. Summary of stock own individually by directors and management must be presented to the Board of Directors for its acknowledgement in the next Board meeting. Punitive measures have also been announced in case of the rules not being followed by.
- 2) The company has regulated that no financial information or other confidential information which might be influencing to the stock price be distributed to non-related outsiders. Additionally, stock trading transaction is prohibited one month before the public disclosure of the financial or related information. Stock trading transaction cannot be proceeded unless 24 hours after the public disclosure. Failing to complying with the regulations will be considered a serious violation to the company's rules. Any director, management, or employee that violates the rules will be subject to punitive measures that range from formal warning, wage cut, suspension, to termination.

These regulations have been acknowledged and agreed upon from the Board of Directors.

The company has disclosed information regarding stock ownership of each director and management in the annual report following requirement set by the office of the Board of Governors of the Stock Exchange of Thailand. Also, the company's Board of Directors shall always be informed of the changes pertain to any of the director or management's stock ownership. To make the regulations be practical, the company has set guidelines that are;

- 1) Confidential information should be allowed to be handled by only related and concerned parties
- 2) Owner of the information not yet released to public must instruct related parties to strictly follow the security procedures to prevent leak of this confidential information

### **9.6 Auditor's fee**

- 1) Audit fee

The company paid audit fee to the of auditor totaled baht 1,580,000

- 2) Non-audit fee

The company paid a fee of baht 390,000 to the auditor for the service rendered by checking that the company must follow conditions set by the Board of investment (BOI).

## 10. Corporate Social Responsibility (CSR)

### **Social Responsibility Policy**

The Company intends to do business by adhering to a Good Corporate Governance and Business Ethical with an intention to create stability growth to the company in conjunction with the development and responsibility toward the society and environment but must think the important of all stakeholders. Therefore, the company urges the directors, management and employees to realize to the important in participation toward society and environment as follow.

#### **1. Fair trade practice**

The company is conducting business with the competitive framework by adhering to fair trade principle within legal framework and business ethics on the basis of fair return of both sides. Conducting business must not cause bad reputation to the company and have legal conflicts as follow.

- Do not ask-accept or agree to accept cask or other benefit beyond the trade terms.
- To create good relationship and cooperation and to jointly develop product with the trade partner in order to attain efficiency in the long term.
- To keep secret information of trade partner and not to use for self benefit or the outsiders.
- Not to do anything related to the breach of intellectual property and encourages the management an employee to use the company's resource and property with efficiency.
- To strictly comply with trade agreements and not to bring trade partner's information for self use and related party.

#### **2. Anti corruption**

The company must conduct business with clarity and to find direction to combat corruption by introducing measurements and steps to the management and employee who must.

Report to the Board of Directors and the Audit Committee once they discovered wrong doing or any abnormal act which may defame name of the company or financial position of the company and the cause comes from the following:

- From the conflict of interest
- The misdeeds caused by the flaw of internal control
- Act against law of The Stock Exchange, rules and regulations of stock council and other related rules and regulations to the company.

All this, The Board of Directors will instantly amend the flaw including a measurement to prevent the recurrence.

#### **3. To respect human rights**

The company will treat employee with politeness to with equitable respect their basis human rights including the trade partner and the others.

#### **4. Fair treatment to labor**

The company paid fair remuneration of wages which is suitable to their responsibility, experience and skills and results of performance including the transfer results of performance including the transfer reward and punishment. Employee will perform with honesty and the company offers fair welfare.



The company will stress the important of work environment and considers the priority of safety to live and health of employee. The management of each live of work must take responsibility for the operation complying with the policy, continuously and efficiently. Finely, must continuously trained employee.

#### **5. Responsibility toward consumers**

The company is continuously developed products in order to respond to demand from social, environment and buyers in order to give full benefit and a reduction of global warming, this can be illustrated by producing. A research and develop bio polymers film which is more friendly to environment and climate, the bio polymers film in degrade able which can contribute to environmental protection

The company is giving the important of responsibility to the stakeholders, such as, shareholders, customers, trade partners and competitors and applying business ethics as away to conduct business, responsibility toward customers are as follow.

To treat customers by using the basic honesty and fairness including the disclosure of information related to goods and services with adequacy and not to distort facts.

To perform accordingly to trade conditions and to give kindness service to customers.

Complaints from customers must be attended in order to respond to the need of customers

To keep trade secret of customers and never bring out secret for own use or to give information to other people.

To give quality products and services with consistent including development of excellent products and services. To develop new innovation in order to add continuous value to products and to respond to the demand from customers

Do not mark up too much profit as compare to quality of products and service and try to avoid unfair conditions imposed on customers.

#### **6. To preserve environment**

The company has a responsibility toward community, social and environs.

Refrain from producing damages to the country, natural resources and social environment as the whole.

To promote activities which will benefit the community and social in general.

To instill conscience and responsibility toward the community and society.

To act or control as to strictly follow related rules and regulations.

## **11. Internal Control and Risk Management**

### **11.1 The Board of Directors Opinion**

The company is aware the importance of risk management and adequacy of internal control to suit business activities in order for efficient management and can prevent or reduce risk or damage to company's assets including the observation of rules and regulations and related law which the company has taken important steps related to the internal control as follow:

1. To set organizations structure to be in line with objective and nature of business including line of responsibilities and line of command within the company.

2. Clear authorities of management and subordinates, approval authorities, division of duties in part of operators and internal auditor in order to have a balance of power and a counter check.

3. The audit committee considered that the internal control system related to financial statement is appropriated and accountability including the safeguard of properties as conformed to stipulated rules and regulation.

The Board of Director's meeting no 7/2019 held on December 23, 2019 which the audit committee attended the meeting, and evaluated the adequacy of internal system by making queries to the management covering 5 issues such as organization and environment, risk management, the operation control from management, information and communication, and follow up system. The committee considered that the company has an adequate of internal control system including transaction with major shareholders, directors, management or related persons.

#### 11.2 Audit Committee's Opinion (Audit Committee Report)

#### 11.3 Head of Internal control

Name: Miss Sarinthip Thanawadee

Education: Bachelor of Accountancy, University of the Thai Chamber of Commerce

Work Experience

: 2016 – Present Internal Audit Manager – A.J. Plast Public Company Limited

: 2015 – 2016 Assistant Internal Audit Manager – Index Living Mall Company Limited

: 2008 – 2015 Assistant Internal Audit Manager – Advanced Research Group Company Limited

Related Training

: Internal Audit Procedure – The Institute of Internal Auditors of Thailand

: CPIAT – The Institute of Internal Auditors of Thailand

## 12. Transaction with Related Parties

During the past one year, the company has conducted transactions with related parties of directors. According the discretion of the Board of Directors Meeting (5/2019) on September 20, 2019 (According to Note 23 the company's transactions with related parties) and the information has been reported to the Stock Exchange of Thailand.

## 13. Management Discussion and Analysis (MD&A)

### The operating result

#### Overview of Past Operating Result

Sales revenue has increased (Details in table 4.2 Revenue Structure). The company has expanded both domestically and internationally to maintain market share since there has been an expansion in product needs. Currently, the company is the market leader for BOPP, BOPET, and BOPA films. For CPP and METALIZED films, the company was able to capture some market share for both domestic and export markets. Furthermore, the company gains competitive advantage over importers partly due to import duty, which eventually bares higher cost for imported films. More importantly, the company has prioritized the strategy on producing high-quality products, satisfying customers' needs, and having reasonable pricing. Also, the company has placed importance on excellent after-sales service and maintaining close relationship with customers.

The company has closely monitored the movement of foreign exchange since there were incurred affects in the past. The company has made a forward exchange contract with domestic financial institutes to prevent risks from volatile foreign exchange that may cause an impact by receiving less Thai currency from export sales or payment to foreign creditors details in no.18 and 28 note to financial statement as at December 31, 2019).

#### **Past Operating Performance**

In 2019, sales revenue decreased by 899.35 million baht or 11.57 percent (from 7,769.77 million baht in 2018 to 6,870.42 million baht in 2019) due to a decrease in raw material and finished product prices compares to the same of last year and also rapid appreciation of Thai Bath. The ratio of selling cost to sales revenue has decreased by 2.94 percent (from 94.13 percent in 2018 to 91.19 percent in 2019) because the cost of raw materials has decreased when compared to the same of the last year, the company also has generated other income which is increased by 27.15 million Baht. This comprised of revenue from selling scrap material, tax card income and the increase of profit from foreign exchange at 33.22 million baht (from 87.27 million baht in 2018 to 120.49 million baht in 2019) due to the fluctuation exchange rate affecting on Thai currency. However, the company has made forward exchange contract in advance to avoid and control foreign exchange risk. Meanwhile, our selling and administrative expense decreased by 14.24 million baht (from 494.47 million baht in 2018 to 480.23 million baht in 2019). Furthermore, our financial expenses, consisting of interest expense and bank fee, increased by 17.77 million baht due to the company has an increase in long-term debt from new production lines However, the company has continued to repay loans and interest. This affected the performance to be increased by 218.19 million baht (from 17.98 million baht in 2018 to 236.17 million baht in 2019). However, the film products of BOPP, BOPET, BOPA, METALLIZED and CPP are still in great demand and will continue to expand.

#### **Financial Position**

##### **Assets**

Total assets ending 2017 - 2019 are 8,549.02 million baht, 9,115.71 million baht and 8,672.14 million baht respectively. The assets compose of land, building, and equipment equivalent to 67 - 74 percent, net trade account receivable notes 9 - 12 percent, and net inventories 15 - 19 percent. The increase/decrease of net assets between 2017 - 2019 mainly came from an investment in METALLIZED line number 7 and BOPA (Nylon) line number 3 in 2018 and the decrease in trade accounts receivable due to the ability to collect receivables better and decreasing inventories in accordance with the company policy.

The amount of account receivable between 2017 and 2019 was 978.39 million baht, 1,054.04 million baht and 812.79 million baht respectively due to production expansion also from aggregate demand from customers and the increase of inventories from new production line. The inventories in 2017 were 1,597.67 million baht, 2018 were 1,539.83 million baht, and 2019 were 1,377.26 million baht respectively because the companies improved debt collections and inventories turnover together with the products demand in the market that helped the efficiency of the circulated assets in the past three years. The average period of debt collection was 45 days, 46 days and 48 days in 2017 to 2019 as compared to age of debtors and granting credit policy which the company considered from the basic of financial position, payment history and the purchase volume of customers which appeared that debt collection has improved and the majority of debt outstanding not yet matured (details in no.5 note to financial statement as at December 31, 2019).

As of December 31, 2019, the total assets were 8,672.14 million baht. Main assets consist of land, building and net assets totaled of 6,367.19 million baht, net trade account receivable 812.79 million baht and inventories of 1,377.26 million baht. The total assets decreased was derived from the company can receive payment from debtors very well and the efficiency in managing inventories.

The long – term investment at the end of 2019 was 23.95 million baht because the majority of shareholders group wished to delist from the stock exchange, that caused the propose price higher than the stock exchange price at the end of 2002 (see notes to financial statements no 3.5 and 7 as at December 31, 2019)

#### **Liquidity**

The circulation of cash from operations has improved for the past three years this due to the efficiency in managing trade accounts receivable and inventories, the improvement of average receivable collection period and the average inventories turn over caused an improvement of cash circulation. For investment activities, the company invested in fixed assets in order to increase production capacities of BOPP, BOPET, BOPA (Nylon), METALLIZED and CPP Films. Apart from this the company is trying to pay back long term loan in order to reduce interest payment.

However, despite the improvement in cash circulation the company still depends on the short-term loan for operation activities.

The ability to pay bank interest and account payable is good – the proportion to pay bank interest at the end of 2017 to 2019 is equivalent to 5.89, 1.21 and 3.32 time respectively. However, while the payment of bank interest is equivalent to 1.04, 0.29 and 0.66 time respectively, the company believes that the financial institutions will provide support in granting overdraft, short term and long term loans as the company has continuously paid back loans and interest.

#### **Source of fund**

Liabilities were 5,037.65 million baht in 2017, 5,706.18 million baht in 2018 and 5,076.32 million baht in 2019. Most liabilities consist of long and short term loans totaled 3,126.84 million baht in 2017, 3,713.14 million baht in 2018 and 3,452.29 million baht in 2019 respectively. Other items such as account payable from procurement of raw materials and packaging materials totaled 1,834.53 million baht in 2017, 1,909.35 million baht in 2018 and 1,519.57 million baht in 2019 which the company continuously pays the credit.

At the end of 2019, the company has a total liabilities of 5,076.32 million baht, mostly compose of bank overdraft and financial institutions totaled 3,452.29 million baht, trade accounts payable 1,519.57 million baht. The decrease of these liabilities derived from the company was able to repay its long – term debt and interest within due

In 2019, the company has a paid-up capital of 399.44 million baht and premium on share capital of 876.62 million baht and accumulated profit of 2,319.76 million baht. The shareholders' equity was 3,595.82 million baht in 2019. From the operation results of the pasts years that enabled the company to maintain liabilities to equity ratio equal to 1.41:1 as committed to the financial institutions.

The company expects that the cash flow from operations will be sufficient for the repayment of capital and interest and the liabilities to equity ratio will be reduced in future.

## 14. Other

Investors can find company's information from the form annual informations (56-1) from the website [www.sec.or.th](http://www.sec.or.th) or the company's web site [www.ajplast.co.th](http://www.ajplast.co.th)

# AUDIT COMMITTEE REPORT

## A.J. PLAST PUBLIC COMPANY LIMITED

The audit committee composed of three independent directors who possess the required qualifications set by the Stock Exchange of Thailand : Mr.Ninnat Olanvoravuth, Chairman, Mrs.Chavida Srisangnam and Mr.Surasak Gosiyachinda as members, and Mrs.Sarinthip Thanawadee served as the secretary to the Audit Committee.

The Audit Committee has performed duties within the scope and responsibility as assigned by the Board of Directors for the conformity of regulations set by the Stock Exchange of Thailand. The Audit Committee held four meetings in 2019 and once in 2020 and all members attended the above-mentioned five meetings without the presence of management. There were joint meetings with the external and internal auditors, which can be summarized as follow:

1. The Audit Committee reviewed quarterly and annual financial statements for 2019 and agreed with the external auditors that the audited financial statements were prepared in accordance with Thai Accounting Standards and Financial Reporting Standards.

2. The internal control system was reviewed in terms of adequacy, appropriateness, and efficiency. The consideration of the internal control reports and the completed assessment form found no important deficiencies relating to the upkeep and safeguarding of assets with adequate revelation of reliable information. It is the opinion of the audit committee that the company has a proper and effective control system.

3. The company has a policy on related party transactions to prevent conflict of interest including the full disclosure of information according to regulations set by the Stock Exchange of Thailand and the Securities and Exchange Commission. The external auditor has properly disclosed related information pertaining to financial statements and notes to financial statements. The Audit Committee has the same opinion with the external auditor that the said transactions are reasonable and fully disclosed.

4. The Audit Committee has recommended the nomination of Dr.Virach Apimeteetamrong, Certified Public Accountant (Thailand) No. 1378 or Mr.Chaiyakorn Ounpitipongsa, Certified Public Accountant (Thailand) No. 3196 or Mr.Apiruk Ati-anuwat, Certified Public Accountant (Thailand) No. 5202 or Mr.Preecha Shun, Certified Public Accountant (Thailand) No. 6718 or Miss Kornkaew Dabkaew, Certified Public Accountant (Thailand) No. 8463 of Dr.Virach and Associated as the company's auditors to be the external auditors with the auditing fee not exceeding 880,000 baht and the reviewing fee not exceeding of 275,000 baht per quarter and the auditing fee on compliance with BOI terms and conditions at 30,000 baht for each BOI promotion certificate. The Audit Committee submits to the Board of Directors for consideration and for approval at the shareholders' meeting the appointment of external auditor as follows:

- The external auditor has performed duties that require knowledge and professional skill including recommendations for ensuring the effectiveness of internal control.
- In complying with regulations set by the Stock Exchange of Thailand, public company must rotate the authorized public accountants every five years.
- The external auditor is independent and has no relationship with the company in performing duty with professional competence.

In summary, the Audit Committee has fulfilled the responsibility in compliance with the Audit Committee Charter that was approved by the Board of Directors and the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee is of the opinion that the Company has a proper financial reporting system to disclose its financial and operational information sufficiently, correctly and consistently. The Board of Directors has the ultimate responsibility for an effective internal control and the adequacy of risk management system for ensuring compliance with laws and regulations and disclosure of related party transactions with transparency under the good corporate governance principles.



**(Mr.Ninnat Olanvoravuth)**

Chairman of Audit Committee



# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

## A.J. PLAST PUBLIC COMPANY LIMITED

The Financial Statements of A.J. Plast Public Company Limited are prepared in accordance with Thai Accounting Standards and Financial Reporting Standards issued by the Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004) and the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission by adopting an appropriate accounting policy which is consistently practice and taking an account of logical aspects with prudent judgements. Significant materials are adequately disclosed in the notes to financial statements which the auditor has expressed his opinion in the auditor's report.

The Board of Directors is responsible to prepared financial statements as to assure that the reports statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows are adequately and properly recorded including the prevention of corruption and malpractice. The BOD is well aware the importance of Good Corporate Governance and the shareholders' rights to receive correct and sufficient information in time and equitable in order to make decisions in the shareholders' meeting. The Company is giving equitable opportunities to shareholders in checking the company's operation or making queries or giving opinions.

The Board of Directors has appointed the Audit Committee which consists of 3 independent directors who are not executives, to oversee the quality of the financial reports and the internal control system which already expressed in the annual report.

The Board of Director's meeting no. 7/2019 held on December 23, 2019 has considered and evaluated the adequacy of the internal control system and Good Corporate Governance concluded that the BOD satisfied with the internal control system and Good Corporate Governance which created reasonable credibility in the financial statements as of December 31, 2019.



**(Mr.Narong Suthisamphat)**

President

A.J. Plast Public Company Limited

# INDEPENDENT AUDITOR'S REPORT

**To        the Shareholders**  
**A.J. PLAST PUBLIC COMPANY LIMITED**

## **Opinion**

I have audited the accompanying financial statements of A.J. Plast Public Company Limited, which comprise the statements of financial position as at December 31, 2019, the statements of 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 financial statements referred to above present fairly, in all material respects, the financial position of A.J. Plast Public Company Limited as at December 31, 2019, its 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgment, 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 do not provide a separate opinion on these matters.

### **1. The inventories exist and properly valuation**

As at December 31, 2019, the Company has inventories after deduction of provision for diminution inventories and provision for deteriorated inventories amount of Baht 1,377.26 million, were disclosed in Note 6 to the financial statements, which are significant to the financial statements. Finished products of the Company are plastic film packagings, so management has to make judgment carefully in the estimation of loss on diminution in inventories may be occurred, which considering based on the fluctuation of the plastic film market price and the foreign exchange rates including the past experience.

I have audited the existence of inventories and the appropriateness of the assumptions used by the management to estimate loss on diminution in inventories by :

- Evaluating the internal control system on inventories management.
- Attend the meeting of the Company to plan checking inventories and observing the physical checking of inventories together with the staff of the Company from beginning to the end, and test the accuracy of inventories reconciliation from checking date to the end of the period. To ensure inventories exist and quantity at the end of the period are properly and complete.
- Testing the validity of the preparation of the Company's production costs. To ensure accurate unit costs and allocation of related expenses to such products properly.
- Comparing the cost of inventories against expected net realizable value calculating from the selling price after year ended less selling expenses.

The results of a audited are satisfactory, and I found no material misstatement.

## **2. The completeness of the revenues recognition from export sales**

According to Note 3.1 sale of goods are recognized when the Company has transferred control over the goods to the customer.

The statements of comprehensive income for the year ended December 31, 2019, the Company has revenues from the sale total amount of Baht 6,870.42 million, with revenues from export sales amount of Baht 4,252.74 million, which is significant to the financial statements. Due to the term of transferring the control to customer is different. Therefore, the revenues recognition from export sale from many condition terms may have effect to the accuracy and completeness of revenues recognition.

I have assessment and testing of revenue recognition system, accounts receivable and settlements, cut-off and examine the accuracy of related supporting documents of the revenues from export. All audited to ensure the revenue recognition from export sales are properly recorded and complete.

Based on our testing, the result is satisfactory, and I found no material misstatement.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in 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 do 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 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 for correction of the 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 regarding, 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. Chaiyakorn Aunpitpongse)**

Certified Public Accountant Registration No. 3196

Dr.Virach & Associates Office Co.,Ltd.

Bangkok : February 19, 2020

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

A.J. PLAST PUBLIC COMPANY LIMITED

## ASSETS

		BAHT	
	Notes	2019	2018
Current Assets			
Cash and cash equivalents	3.2 and 4	6,492,582	2,216,457
Trade and other receivables	3.3 and 5	812,788,413	1,054,037,317
Inventories	3.4 and 6	1,377,263,717	1,539,834,773
Other current assets			
Refundable value added tax		32,181,592	51,985,604
Prepaid spare parts		68,269	595,728
Receivables from Buying and Selling Forward			
Exchange Contracts		23,468,989	23,681,651
Others		4,646,513	5,758,354
Total other current assets		60,365,363	82,021,337
Total Current Assets		2,256,910,075	2,678,109,884
Non-current Assets			
Long-term investments			
Investments in related party	3.5 and 7	23,952,000	23,952,000
Property, plant and equipment	3.6 and 8	6,367,189,391	6,343,767,871
Intangible assets			
Deferred computer softwares	3.7 and 9	1,966,300	2,684,258
Other non-current assets			
Prepaid assets		5,268,150	47,286,258
Guarantee for leasing assets		8,631,258	8,489,036
Accounts receivable-Customs Department		5,460,556	9,268,790
Others		2,758,442	2,149,492
Total other non-current assets		22,118,406	67,193,576
Total Non-current Assets		6,415,226,097	6,437,597,705
<b>TOTAL ASSETS</b>		<b>8,672,136,172</b>	<b>9,115,707,589</b>

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

**A.J. PLAST PUBLIC COMPANY LIMITED**

## LIABILITIES AND SHAREHOLDERS' EQUITY

		BAHT	
	Notes	2019	2018
Current Liabilities			
Bank overdrafts and short-term loans from financial institutions	10	1,366,668,532	2,209,564,437
Trade and other payables	11	1,519,576,091	1,909,354,990
Current portion of long-term liabilities			
Liabilities under financial leases	3.8 and 12	2,050,785	1,262,271
Long-term loans	13	479,325,000	519,241,667
Assets acquisition payable		6,080,942	17,745,650
Accrued interest		531,580	1,510,017
Other current liabilities		5,252,864	5,594,065
Total Current Liabilities		3,379,485,794	4,664,273,097
Non-current Liabilities			
Liabilities under financial leases-net	3.8 and 12	-	2,054,543
Long-term loans-net	13	1,604,250,174	981,015,000
Provision for long-term employee benefits	3.11 and 14	92,582,965	58,838,627
Total Non-current Liabilities		1,696,833,139	1,041,908,170
TOTAL LIABILITIES		5,076,318,933	5,706,181,267

Notes to the financial statements form an integral part of these statements.



# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

**A.J. PLAST PUBLIC COMPANY LIMITED**

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

		BAHT	
	Notes	2019	2018
Shareholders' Equity			
Share capital			
Authorized share capital			
399,444,945 common stocks of Baht 1 par value		399,444,945	399,444,945
Issued and paid-up share capital			
399,439,227 common stocks at Baht 1 each		399,439,227	399,439,227
Premium on share capital		876,616,300	876,616,300
Retained earnings			
Appropriated			
Legal reserve	15	60,000,000	60,000,000
Unappropriated		2,259,761,712	2,073,470,795
Total Shareholders' Equity		3,595,817,239	3,409,526,322
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,672,136,172</b>	<b>9,115,707,589</b>

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

A.J. PLAST PUBLIC COMPANY LIMITED

		<b>BAHT</b>	
	<b>Notes</b>	<b>2019</b>	<b>2018</b>
Revenues			
Sales		6,870,421,175	7,769,774,214
Other incomes			
Scrap sales		14,532,577	11,896,296
Tax cards income		13,936,713	16,768,647
Gain on exchange rates		120,485,934	87,270,484
Gain on reversal of allowance for impairment land	8	-	18,300,000
Others		64,513,918	18,864,229
Total other incomes		213,469,142	153,099,656
Total Revenues		7,083,890,317	7,922,873,870
Expenses			
Cost of sales		6,265,778,062	7,314,065,577
Selling expenses		216,142,016	223,932,605
Administrative expenses		259,721,728	266,287,140
Loss on spare parts disposal		-	519,873
Loss on machineries and equipment disposal		-	11,894,211
Loss from unused equipment		982	-
Directors' remuneration	16	4,370,000	4,250,000
Finance costs		101,709,742	83,941,184
Total Expenses	17	6,847,722,530	7,904,890,590
Profit for the years		<b>236,167,787</b>	<b>17,983,280</b>
Other comprehensive income (loss) for the years			
Loss from provision for long-term employee benefits	14	(9,932,947)	-
Total comprehensive income for the years		226,234,840	17,983,280
Earnings per share (Baht)	3.13		
Basic earnings per share		<b>0.59</b>	<b>0.05</b>
The number of common stocks used in computation (shares).		399,439,227	399,439,227

Notes to the financial statements form an integral part of these statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

A.J. PLAST PUBLIC COMPANY LIMITED

**BAHT**

Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
			Legal reserve	Unappropriated	
Beginning balances as at January 1, 2018	399,439,227	876,616,300	60,000,000	2,175,319,283	3,511,374,810
Total comprehensive income for the year 2018	-	-	-	17,983,280	17,983,280
Dividend payment 16	-	-	-	(119,831,768)	(119,831,768)
Balances as at December 31, 2018	399,439,227	876,616,300	60,000,000	2,073,470,795	3,409,526,322
Total comprehensive income for the year 2019					
Prot for the year	-	-	-	236,167,787	236,167,787
Adjusted loss from provisions					
for long-term employee benefits 14	-	-	-	(9,932,947)	(9,932,947)
Total comprehensive income for the year 2019				226,234,840	226,234,840
Dividend payment 16	-	-	-	(39,943,923)	(39,943,923)
Balances as at December 31, 2019	399,439,227	876,616,300	60,000,000	2,259,761,712	3,595,817,239

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CASH FLOWS (1/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

A.J. PLAST PUBLIC COMPANY LIMITED

	<b>BAHT</b>	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Profit for the years	236,167,787	17,983,280
Adjustments to reconcile profit for the years to net cash provided from (used in) operation :		
Depreciation	275,138,191	387,077,958
Amortization of computer softwares	787,258	1,430,135
Increase in doubtful debts	1,336,633	373,210
Bad debts	373,210	-
Loss on diminution in inventories (reverse)	(291,888)	8,724,799
Loss on deteriorated inventories	771,351	1,049,096
Loss from spare parts disposal	-	519,873
Loss from machineries and equipment disposal	-	11,894,211
Loss on unused equipment	982	-
Unrealized gain from Buying and Selling Forward Exchange Contracts	(23,468,989)	(23,681,651)
Unrealized gain on exchange rates	(2,829,875)	(11,962,222)
Gain on reversal of allowance for impairment land	-	(18,300,000)
Increase in other income from the write-off of trade and other payables	(4,496,618)	(2,384,497)
Increase in other income from the write-off assets acquisition payables	(3,570,999)	(1,216,699)
Increase in production cost from prepaid spare parts	595,728	-
Increase in production cost from prepaid assets	1,194,500	-
Increase in administrative expense from prepaid assets	89,000	-
Increase in administrative expense from prepaid factory under construction	669,546	-
Interest expenses	80,969,765	71,770,273
Long-term employee benefits expenses	24,666,158	6,298,389
Profit from operation before changes in operating assets and liabilities items	588,101,740	449,576,155
(Increase) decrease in operating assets items		
Trade and other receivables	239,539,061	(72,604,593)
Inventories	72,076,063	47,546,631
Receivables from Buying and Selling Forward Exchange Contracts	23,681,651	25,498,681
Other current assets	20,847,584	2,213,758
Other non-current assets	3,057,062	3,540,633
Increase (decrease) in operating liabilities items		
Trade and other payables	(385,054,001)	79,271,491
Other current liabilities	(341,201)	1,868,550
Provision for long-term employee benefits	(854,767)	(637,300)
Cash provided from operating activities	561,053,192	536,274,006
Interest expenses paid	(81,948,202)	(71,007,234)
<b>Net Cash Provided from Operating Activities</b>	<b>479,104,990</b>	<b>465,266,772</b>

Notes to the financial statements form an integral part of these statements.

## STATEMENTS OF CASH FLOWS (2/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

A.J. PLAST PUBLIC COMPANY LIMITED

	<b>BAHT</b>	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of plant, machineries and equipment	(148,513,380)	(884,497,046)
Proceeds from disposal of assets	-	16,225,553
Purchase of computer softwares	(69,300)	(1,033,651)
Prepaid assets	(1,608,800)	(38,575,608)
Interest recorded as cost of assets under installation	(12,187,615)	(16,353,869)
Net Cash Used in Investing Activities	(162,379,095)	(924,234,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(840,383,675)	1,101,723,707
Proceeds from of long-term loans	1,092,145,174	-
Repayment for financial leases contracts	(1,266,029)	(1,553,060)
Repayment for assets acquisition payables	(14,174,650)	(14,173,987)
Repayment for long-term loans	(508,826,667)	(507,993,333)
Dividend payment	(39,943,923)	(119,831,768)
Net Cash Provided from (Used in) Financing Activities	(312,449,770)	458,171,559
Net Increase (Decrease) in Cash and Cash Equivalents	4,276,125	(796,290)
Cash and Cash Equivalents as at January 1,	2,216,457	3,012,747
Cash and Cash Equivalents as at December 31,	6,492,582	2,216,457
<b>Additional Disclosure Items to Cash Flows Statements</b>		
Non-cash flows items comprise :		
Increase in plant, machineries and accessories from assets acquisition payable	6,170,306	15,057,376
Increase in plant, machineries and accessories from prepaid assets	37,254,979	84,198,397
Raw materials used and recorded as cost of machinery	95,103,959	-
Transfer advance payments for assets to be spare parts (Inventories)	5,088,429	-
Increase in receivable from machinery under installation disposal	-	963,000
Increase in suspense output tax from machinery under installation disposal receivable	-	63,000
Increase in provision for long-term employee benefits	9,932,947	-
Decrease in retained earnings	(9,932,947)	-

Notes to the financial statements form an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

## A. J. PLAST PUBLIC COMPANY LIMITED

### 1. GENERAL INFORMATION

1.1	Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2	Company location Head office	95, Thakarm Road, Kwaeng Samaedam, Khet Bangkhuntien, Bangkok.
	Branch 1 (Factory location)	Laem Chabang Industrial Estate, 38/11 Moo 5, Tambol Thungsukala, Amphur Sriracha, Chonburi Province.
	Branch 2 (Warehouse location)	Laem Chabang Industrial Estate, 46/3 Moo 5, Tambol Thungsukala, Amphur Sriracha, Chonburi Province.
1.3	Type of business	Manufacturing and selling plastic films both local and exporting to foreign countries, scraps are sold both in local and abroad.

### 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

- 2.1 The financial statements are prepared in accordance with Thai Accounting Standards and Financial Reporting Standards issued by the Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004) and the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.
- 2.2 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.3 The financial reporting standards and financial reporting standard interpretations that became effective in the current accounting year are as follow:

#### **Thai Accounting Standards (TAS)**

- |    |                       |   |
|----|-----------------------|---|
| 1. | TAS 1 (revised 2018)  | Presentation of Financial Statements                            |
| 2. | TAS 2 (revised 2018)  | Inventories   |
| 3. | TAS 7 (revised 2018)  | Statement of Cash Flows   |
| 4. | TAS 8 (revised 2018)  | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. | TAS 10 (revised 2018) | Events after the Reporting Period                               |

6. TAS 12 (revised 2018)	Income Taxes
7. TAS 16 (revised 2018)	Property, Plant and Equipment
8. TAS 17 (revised 2018)	Leases
9. TAS 19 (revised 2018)	Employee Benefits
10. TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
11. TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
12. TAS 23 (revised 2018)	Borrowing Cost
13. TAS 24 (revised 2018)	Related Party Disclosures
14. TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
15. TAS 27 (revised 2018)	Separate Financial Statements
16. TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
17. TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
18. TAS 33 (revised 2018)	Earnings per Share
19. TAS 34 (revised 2018)	Interim Financial Reporting
20. TAS 36 (revised 2018)	Impairment of Assets
21. TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
22. TAS 38 (revised 2018)	Intangible Assets
23. TAS 40 (revised 2018)	Investment Property
24. TAS 41 (revised 2018)	Agriculture

#### **Thai Financial Reporting Standards (TFRS)**

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2 (revised 2018)	Share-Base Payments
27. TFRS 3 (revised 2018)	Business Combinations
28. TFRS 4 (revised 2018)	Insurance Contracts
29. TFRS 5 (revised 2018)	Non-current Assets Held for Sales and Discontinued Operations
30. TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
31. TFRS 8 (revised 2018)	Operating Segments
32. TFRS 10 (revised 2018)	Consolidated Financial Statements
33. TFRS 11 (revised 2018)	Joint Arrangements
34. TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
35. TFRS 13 (revised 2018)	Fair Value Measurement
36. TFRS 15	Revenue from Contracts with Customers

#### **Thai Accounting Standard Interpretations (TSIC)**

37. TSIC 10 (revised 2018)	Government Assistance – No specific Relation to Operating Activities
38. TSIC 15 (revised 2018)	Operating Leases – Incentives
39. TSIC 25 (revised 2018)	Income Taxes – Changes in the Tax Status of an Entity or Its Shareholders
40. TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease



- |                            |  |
|----------------------------|--|
| 41. TSIC 29 (revised 2018) | Service Concession Arrangements: Disclosures |
| 42. TSIC 32 (revised 2018) | Intangible Assets – Website Costs            |

**Thai Financial Reporting Standard Interpretations (TFRIC)**

- |                             |  |
|-----------------------------|--|
| 43. TFRIC 1 (revised 2018)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| 44. TFRIC 4 (revised 2018)  | Determining Whether an Arrangement Contains a Lease  |
| 45. TFRIC 5 (revised 2018)  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds             |
| 46. TFRIC 7 (revised 2018)  | Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies |
| 47. TFRIC 10 (revised 2018) | Interim Financial Reporting and Impairment   |
| 48. TFRIC 12 (revised 2018) | Service Concession Arrangements  |
| 49. TFRIC 14 (revised 2018) | TAS 19 (revised 2018) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction   |
| 50. TFRIC 17 (revised 2018) | Distributions of Non-cash Assets to Owners   |
| 51. TFRIC 20 (revised 2018) | Stripping Costs in the Production Phase of a Surface Mine  |
| 52. TFRIC 21 (revised 2018) | Levies   |
| 53. TFRIC 22                | Foreign Currency Transactions and Advance Consideration  |

These financial reporting standards and financial reporting standard interpretations do not have any significant impact on the financial statements.

- 2.4 The Federation of Accounting Professions has issued the new and revised financial reporting standards and financial reporting standard interpretations.

Effective for fiscal years beginning on or after January 1, 2020, financial reporting standards and financial reporting standard interpretations adopted at the first time on 7 revised standards.

**Thai Accounting Standards (TAS)**

- |            |  |
|------------|--|
| 1. TAS 1   | Presentation of Financial Statements                                     |
| 2. TAS 2   | Inventories  |
| 3. TAS 7   | Statement of Cash Flows  |
| 4. TAS 8   | Accounting Policies, Changes in Accounting Estimates and Errors          |
| 5. TAS 10  | Events after the Reporting Period  |
| 6. TAS 12  | Income Taxes   |
| 7. TAS 16  | Property, Plant and Equipment  |
| 8. TAS 19  | Employee Benefits  |
| 9. TAS 20  | Accounting for Government Grants and Disclosure of Government Assistance |
| 10. TAS 21 | The Effects of Changes in Foreign Exchange Rates                         |
| 11. TAS 23 | Borrowing Costs  |

12. TAS 24	Related Party Disclosures
13. TAS 26	Accounting and Reporting by Retirement Benefit Plans
14. TAS 27	Separate Financial Statements
15. TAS 28	Investments in Associates and Joint Ventures
16. TAS 29	Financial Reporting in Hyperinflationary Economies
17. TAS 32 (adopted in 2020)	Financial Instruments: Presentation
18. TAS 33	Earnings per Share
19. TAS 34	Interim Financial Reporting
20. TAS 36	Impairment of Assets
21. TAS 37	Provisions, Contingent Liabilities and Contingent Assets
22. TAS 38	Intangible Assets
23. TAS 40	Investment Property
24. TAS 41	Agriculture

#### **Thai Financial Reporting Standards (TFRS)**

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2	Share-based Payment
27. TFRS 3	Business Combinations
28. TFRS 4	Insurance Contracts
29. TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
30. TFRS 6	Exploration for and Evaluation of Mineral Resources
31. TFRS 7 (adopted in 2020)	Financial Instruments: Disclosures
32. TFRS 8	Operating Segments
33. TFRS 9 (adopted in 2020)	Financial Instruments
34. TFRS 10	Consolidated Financial Statements
35. TFRS 11	Joint Arrangements
36. TFRS 12	Disclosure of Interests in Other Entities
37. TFRS 13	Fair Value Measurement
38. TFRS 15	Revenue from Contracts with Customers
39. TFRS 16 (adopted in 2020)	Leases

#### **Thai Accounting Standard Interpretations (TSIC)**

40. TSIC 10	Government Assistance – No Specific Relation to Operating Activities
41. TSIC 25	Income Taxes – Changes in the Tax Status of an Entity or Its Shareholders
42. TSIC 29	Service Concession Arrangements: Disclosures
43. TSIC 32	Intangible Assets – Website Costs

#### **Thai Financial Reporting Standard Interpretations (TFRIC)**

44. TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
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45. TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
46. TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting Hyperinflationary Economies
47. TFRIC 10	Interim Financial Reporting and Impairment
48. TFRIC 12	Service Concession Arrangements
49. TFRIC 14	TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
50. TFRIC 16 (adopted in 2020)	Hedges of a Net Investment in a Foreign Operation
51. TFRIC 17	Distributions of Non-cash Assets Owners
52. TFRIC 19 (adopted in 2020)	Extinguishing Financial Liabilities with Equity Instruments
53. TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
54. TFRIC 21	Levies
55. TFRIC 22	Foreign Currency Transactions and Advance Consideration
56. TFRIC 23 (adopted in 2020)	Uncertainty over Income Tax Treatments

The Company's management is evaluating the impact of such financial reporting standards and financial reporting standard interpretations on the financial statements in the year when they are adopted.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues and expenses recognition

Revenue from product sales is recognized when the Company has transferred control over the goods to the customer. Revenues from the sales are stated at the invoiced without VAT and after discount.

Interest income is recognized on an accrual basis based on the actual rate of return.

Other revenues and expenses are recognized on an accrual basis.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

#### 3.3 Allowance for doubtful accounts

Allowance for doubtful accounts is based on the accounts receivable which are expected to be uncollectible, based on the past experience in debt collection and the current status of outstanding debtors on the statements of financial position date.

### 3.4 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

The Company set up provision for diminution in deteriorated inventories which are expected to be unsaleable and for the inventories which have net realizable value lower than cost.

### 3.5 Investments

Investments in related party undertaking mean the company in which, directly or indirectly, has common management, major shareholder or some related person. The Company recorded investments in related party at cost.

### 3.6 Property, plant and equipment

The property, plant and equipment are stated at cost net from accumulated depreciation and allowance for impairment assets (if have). Depreciation is calculated by the straight-line method based on the estimated useful life of the following assets:

PARTICULARS	USEFUL LIFE (YEARS)	
	2019	2018
Land	No depreciation	No depreciation
Plant and factories	20 - 40	30 - 40
Condominium	10 - 20	10 - 20
Condominium improvements	5	5
Machineries	15 - 30	15 - 22
Tools and accessories	5	5
Vehicle	5	5
Computer accessories	3	3
Office furniture and equipment	5	5
Natural gas system	5	5

In 2019, the Company has reviewed the useful life and residual values to the machineries, which affected to the estimation of the change in useful life and residual values.

Assets under financial leases are recorded by the fair value at the inception of the lease. Depreciation is calculated by the straight - line method based on the estimated useful life of assets.

Financial expenses which are directly related to the acquisition, construction and manufacturing of assets are recorded as cost of fixed assets.

An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

### **3.7 Intangible assets**

Deferred computer softwares are stated at cost net from cumulative amortization which is calculated by the straight-line method based on the estimated 3 years.

### **3.8 Leases**

#### **Operating leases**

Leases where most of substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses by the straight-line method in the statements of comprehensive income throughout the leases term.

#### **Financial leases**

Leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals. Interest or financial charges are recognized in the statements of comprehensive income in proportion to the principal balance.

### **3.9 Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

### **3.10 Income tax expenses (revenues)**

Income tax expenses (revenues) from profit/loss for the period consist of current income tax and deferred tax. Income tax expenses (revenues) recognized in statements of comprehensive income unless part of transaction recorded in shareholders' equity recorded directly to equity.

### **3.11 Employee benefits**

#### **Short-term employee benefits**

The Company recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

#### **Long-term employee benefits**

##### Defined contribution plan

The Company provided a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the operation in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

### **3.12 Foreign currency transactions**

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities on the statements of financial position date are converted to Baht at the rate of exchange in effect on that date except the forward exchange contract transactions with the bank, the agreed rate will be recorded on the fair value. Gains or losses on exchange rate are credited or charged to operations of each year.

### **3.13 Earnings per share**

Basic earnings per share is calculated by dividing the profit for the year by the number of weighted average common stocks held by outsiders during the year.

### **3.14 Related parties**

The parties which have, directly and indirectly, some common management, major shareholders or some common related persons are accounted for as related parties.

### 3.15 Significant accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for deteriorated inventories, allowance for depreciation of plant and equipment, allowance for impairment assets, amortization of intangible assets and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

## 4. CASH AND CASH EQUIVALENTS

PARTICULARS	BAHT	
	2019	2018
Cash	680,000	580,000
Bank deposit	5,812,582	1,636,457
Cash and cash equivalents	6,492,582	2,216,457

## 5. TRADE AND OTHER RECEIVABLES

PARTICULARS	BAHT	
	2019	2018
Trade accounts receivable		
Current	777,685,718	994,627,708
Over due within 3 months	20,544,888	21,039,760
Over due within 3-6 months	-	1,823,467
Over 12 months	1,709,843	373,210
Total	799,940,449	1,017,864,145
<u>Less</u> Allowance for doubtful accounts	(1,709,843)	(373,210)
Trade accounts receivable - net	798,230,606	1,017,490,935
Other receivables	14,557,807	36,546,382
Trade and other receivables-net	812,788,413	1,054,037,317

## 6. INVENTORIES

PARTICULARS	BAHT	
	2019	2018
Finished products	351,403,499	332,632,187
Work in process	43,101,420	37,493,944
Raw materials	702,919,208	842,502,796
Packaging materials	29,660,291	40,046,867
Lubricant	6,088,431	5,846,935
Other consumed supplies	6,733,345	13,132,927
Spare parts	163,024,056	148,905,706
Goods in transit	58,778,761	70,298,989
Raw materials in transit	25,624,582	50,482,174
Spare parts in transit	-	2,589,554
Other consumed supplies in transit	1,566,684	7,059,791
Total	1,388,900,277	1,550,991,870
<u>Less</u> : Provision for deteriorated inventories	(3,203,649)	(2,432,298)
<u>Less</u> : Provision for diminution inventories	(8,432,911)	(8,724,799)
Inventories - net	1,377,263,717	1,539,834,773

## 7. LONG-TERM INVESTMENTS - in related party

(BAHT)

Related party	% Holding		The number of shares		Cost method	
	2019	2018	2019	2018	2019	2018
UNITED FOODS PUBLIC COMPANY LIMITED	4.99	4.99	998,000	998,000	23,952,000	23,952,000

(BAHT)

Related party	Nature of business	Relationship	Paid-up capital		Dividend	
			2019	2018	2019	2018
UNITED FOODS PUBLIC COMPANY LIMITED	Food	Shareholders/ co-directors	200,000,000	200,000,000	-	-



## 8. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	Land	Plant and factory	Condominium and improvements	Machinery	Factory tools and equipment
<b>At Cost</b>					
January 1, 2018	30,765,804	757,639,579	10,534,706	7,376,192,412	154,538,811
Purchase	-	392,000	-	24,781,481	16,910,434
Disposal/unused	-	-	-	(83,160,093)	(3,452,000)
Transfer in/ (transfer out)	-	-	-	104,852,093	1,405,000
Transfer from prepaid assets	-	-	-	4,115,497	427,500
December 31, 2018	30,765,804	758,031,579	10,534,706	7,426,781,390	169,829,745
Purchase	-	75,000	10,545,025	18,891,286	13,760,737
Disposal/unused	-	-	-	-	(68,931,741)
Transfer in/ (transfer out)	-	48,452,232	-	1,040,168,009	-
Transfer					
- Transferred from prepaid assets	-	4,476,300	-	23,223,202	677,160
- Raw materials (Inventories)	-	-	-	-	-
Transferred out to expenses	-	-	-	-	-
December 31, 2019	30,765,804	811,035,111	21,079,731	8,509,063,887	115,335,901
<b>Accumulated depreciation</b>					
January 1, 2018	-	242,409,324	3,680,743	2,462,734,605	95,429,880
Depreciation for the year 2018	-	15,447,405	293,466	334,239,514	19,496,357
Disposal/unused	-	-	-	(55,040,335)	(3,451,995)
December 31, 2018	-	257,856,729	3,974,209	2,741,933,784	111,474,242
Depreciation for the year 2019	-	16,016,223	556,369	223,159,094	20,968,549
Disposal/unused	-	-	-	-	(68,931,582)
December 31, 2019	-	273,872,952	4,530,578	2,965,092,878	63,511,209
<b>Allowance for impairment assets</b>					
January 1, 2018	18,300,000	-	-	-	-
Disposal/unused	-	-	-	-	-
Reversal allowance for impairment	(18,300,000)	-	-	-	-
December 31, 2018	-	-	-	-	-
December 31, 2019	-	-	-	-	-
<b>Net Book value</b>					
December 31, 2018	30,765,804	500,174,850	6,560,497	4,684,847,606	58,355,503
December 31, 2019	30,765,804	537,162,159	16,549,153	5,543,971,009	51,824,692

(AMOUNT IN BAHT)

Vehicles	Computer accessories	Office furniture and equipment	Natural gas system	Assets under construction and installation	Machinery and equipment in transit	Total
28,901,286	17,454,065	109,545,413	7,881,000	190,426,127	-	8,683,879,203
519,000	1,706,183	4,421,618	-	846,686,944	20,490,632	915,908,292
-	-	(292,000)	-	(4,000,000)	-	(90,904,093)
-	-	159,000	-	(83,627,553)	(22,788,540)	-
-	-	282,000	-	77,075,492	2,297,908	84,198,397
29,420,286	19,160,248	114,116,031	7,881,000	1,026,561,010	-	9,593,081,799
519,000	1,522,589	5,515,552	-	116,042,112	-	166,871,301
-	(15,336,043)	(69,553,434)	-	-	-	(153,821,218)
-	-	720,000	-	(1,089,340,241)	-	-
-	-	-	-	8,878,317	-	37,254,979
-	-	-	-	95,103,959	-	95,103,959
-	-	-	-	(669,546)	-	(669,546)
29,939,286	5,346,794	50,798,149	7,881,000	156,575,611	-	9,737,821,274
17,552,806	14,293,110	78,745,066	6,174,765	-	-	2,921,020,299
1,287,503	2,122,372	13,639,741	551,600	-	-	387,077,958
-	-	(291,999)	-	-	-	(58,784,329)
18,840,309	16,415,482	92,092,808	6,726,365	-	-	3,249,313,928
1,389,670	1,845,394	10,660,034	542,858	-	-	275,138,191
-	(15,335,624)	(69,553,030)	-	-	-	(153,820,236)
20,229,979	2,925,252	33,199,812	7,269,223	-	-	3,370,631,883
-	-	-	-	3,100,000	-	21,400,000
-	-	-	-	(3,100,000)	-	(3,100,000)
-	-	-	-	-	-	(18,300,000)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,579,977	2,744,766	22,023,223	1,154,635	1,026,561,010	-	6,343,767,871
9,709,307	2,421,542	17,598,337	611,777	156,575,611	-	6,367,189,391

As at December 31, 2019 and 2018, the Company had vehicles under financial lease agreements with net book value amount of Baht 3.18 million and Baht 1.70 million, respectively.

As at December 31, 2019 and 2018, some machineries, were mortgaged with the bank for guarantee long-term loans from financial institutions. (See also Note 13 to the financial statements)

In 2019, the Company has reviewed the useful life and residual values to the machineries which affected to the depreciation of machineries as follow:

Cost of machineries to be reviewed useful life and residual values	Depreciation for the year 2019 (Baht)		
	Reviewed	Previously used	Decrease
7,426,781,390	205,104,944	335,552,755	130,447,811

Changes in estimation of the useful life and residual values in year 2019, effect to depreciation of machineries decreased by Baht 130.44 million, resulting in increase net profit of Baht 130.44 million and increase in earnings per share at Baht 0.33.

In 2018, the Company has appraised its land by the independent appraiser by comparing market information in determination fair value. The new appraisal value is higher than the former appraisal value and original cost. The Company reversed allowance for loss on impairment of land and recorded as other income in the statements of comprehensive income for the year 2018.

## 9. INTANGIBLE ASSETS

Computer softwares	BAHT					
	1-Jan-2018	INCREASE	31-Dec-2018	INCREASE	WRITE-OFF	31-Dec-2019
At cost	7,904,792	1,033,651	8,938,443	69,300	(4,142,362)	4,865,381
Less Accumulated amortization	(4,824,050)	(1,430,135)	(6,254,185)	(787,258)	4,142,362	(2,899,081)
Net book value			2,684,258			1,966,300
Amortization for the years			1,430,135			787,258

## 10. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

PARTICULARS	BAHT	
	2019	2018
Bank overdrafts	2,108,035	23,482,292
Trust receipt	174,893,337	1,108,181,773
Short-term loans from financial institutions	1,189,667,160	1,077,900,372
Bank overdrafts and short-term loans from financial institutions	1,366,668,532	2,209,564,437

The Company has entered into agreement with the financial institutions (see also Note 21 to the financial statements).

## 11. TRADE AND OTHER PAYABLES

PARTICULARS	BAHT	
	2019	2018
Trade accounts payables	1,319,793,616	1,700,728,013
Other payables	199,782,475	208,626,977
Trade and other payables	1,519,576,091	1,909,354,990

## 12. LIABILITIES UNDER FINANCIAL LEASES

PARTICULARS	BAHT	
	2019	2018
Minimum payment		
Within 1 year	2,112,178	1,362,321
Over 1 year but within 5 years	-	2,112,178
Total	2,112,178	3,474,499
<u>Less</u> Deferred interest expenses	(61,393)	(157,685)
Total minimum payment	2,050,785	3,316,814
<u>Less</u> Current portion of financial leases	(2,050,785)	(1,262,271)
Liabilities under financial leases-net	-	2,054,543

Liabilities under financial leases are fixed for monthly payment which will be completed within 2020.

The portion due within one year was shown under current liabilities.

## 13. LONG-TERM LOAN

PARTICULARS	BAHT	
	2019	2018
Loans from commercial banks	2,083,575,174	1,500,256,667
<u>Less</u> Current portion of long-term loans	(479,325,000)	(519,241,667)
Long-term loans-net	1,604,250,174	981,015,000

The portion of long-term loans due within one year was shown under current liabilities.

The details of long-term loans as at December 31, 2019 are as follows:

Loans per Agreement	Principal Balances (AMOUNT IN MILLION BAHT)	Repayment Condition	Collateral
Baht 700 million (Agreement dated on January 12, 2012)	178	<ul style="list-style-type: none"> <li>- Withdrawal term within April 30, 2013.</li> <li>- The principal will be repaid by quarterly at Baht 29 million with the first installment in June 2015 and will be finished within March 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries
Baht 700 million (Agreement dated on March 2, 2012, additional memorandum on November 13, 2013 and March 25, 2014)	236	<ul style="list-style-type: none"> <li>- Withdrawal term within December 30, 2014.</li> <li>- The principal will be repaid by quarterly at Baht 29 million with the first installment in January 2016 and will be finished within October 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries
Baht 750 million (Agreement dated on January 12, 2012, additional memorandum on September 27, 2013)	219	<ul style="list-style-type: none"> <li>- Withdrawal term within December 30, 2013.</li> <li>- The principal will be repaid by quarterly at Baht 31.25 million with the first installment in November 2015 and will be finished within November 2021.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries
Baht 70 million (Agreement dated on October 2, 2014)	31	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 3 million with the first installment in December 2016 and will be finished within September 2022.</li> <li>- Monthly payment of interest at interest rate of MLR minus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 250 million (Agreement dated on August 28, 2014)	167	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 10.42 million with the first installment in December 2017 and will be finished within September 2023.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 70 million (Agreement dated on March 23, 2015)	-	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 4.63 million with the first installment in February 2017 and will be finished within November 2019.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral

Loans per Agreement	Principal Balances (AMOUNT IN MILLION BAHT)	Repayment Condition	Collateral
Baht 140 million (Agreement dated on November 25, 2013, additional memorandum on October 10, 2015)	98	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 6 million with the first installment in June 2018 and will be finished within March 2024.</li> <li>- Monthly payment of interest at interest rate of MLR minus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 140 million (Agreement dated on July 20, 2015)	63	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 7 million with the first installment in June 2017 and will be finished within March 2022.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 140 million (Agreement dated on December 16, 2015)	-	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 7 million with the first installment in February 2018 and will be finished within November 2022.</li> <li>- Monthly payment of interest at interest rate of 3 month personal fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 100 million (Agreement dated on June 22, 2018)	100	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 6.25 million with the first installment in the twenty-first month from the month of withdrawal.</li> <li>- Monthly payment of interest at interest rate of 3 month of the juristic person fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Baht 800 million (Agreement dated on June 22, 2018)	800	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 33.50 million with the first installment in the twenty-seven month from the month of withdrawal.</li> <li>- Monthly payment of interest at interest rate of 3 month of the juristic person fixed deposit plus the rate as specified in the agreement.</li> </ul>	2 Machineries (Mortgage on November 19, 2019)
Baht 250 million (Agreement dated on September 23, 2019)	192	<ul style="list-style-type: none"> <li>- The principal will be repaid by quarterly at Baht 15.62 million with the first installment in the fifteen month from the month of withdrawal.</li> <li>- Monthly payment of interest at interest rate of 3 month of the juristic person fixed deposit plus the rate as specified in the agreement.</li> </ul>	No collateral
Total	2,084		

As at December 31, 2019, the Company has credit facility for long-term loans amount of Baht 58 million which are not withdrawn.

The Company must comply according to the following conditions;

1. To maintain the ratio of debt to shareholders' equity as specified in the agreement.
2. To insure all collateral assets which are legally mortgaged, whereas the amount of insurance must not be less than amount of loans obtained from the bank. And to specify that the bank will be the sole beneficiary and the Company has to pay its own insurance premium until the repayment of debt is finished.

During 2019, the Company has made payment of loans before due date agreement with commercial bank for Baht 17 million (Loan amount Baht 140 million with agreement dated on December 16, 2015), the Company has fully paid.

#### 14. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

PARTICULARS	BAHT	
	2019	2018
<b><u>Commitments under the defined benefit plan</u></b>		
Beginning balances	58,838,627	53,177,538
<u>Add</u> Current service cost	6,546,040	4,983,534
Interest cost	1,570,718	1,222,873
Past service cost	16,549,400	-
Difference form provision with benefit paid	-	91,982
Loss from provisions (recognized in other comprehensive income)	9,932,947	-
<u>Less</u> Employee benefits paid during the year	(854,767)	(637,300)
Ending balances	92,582,965	58,838,627

The principal assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	2019	2018
Discount rate	2.20% per annum	2.60% per annum
Salary increase rate	4.50% per annum	4.00% per annum
Staff turnover rate (depends on the age)	0.00 – 50.00% per annum	2.00 – 50.00% per annum

Sensitivity analysis for each significant assumption used is as follows :

PARTICULARS	2019	2018
<b>Discount rate</b>		
Decrease in percentage 0.50	81,364,322	48,925,480
Increase in percentage 0.50	(77,306,212)	(45,698,110)
<b>Salary growth rate</b>		
Decrease in percentage 0.50	(77,098,115)	(45,281,752)
Increase in percentage 0.50	81,563,691	49,353,952

The new Labor Protection Act, announced in the Government Gazette on April 5, 2019, has imposed additional compensation rates in the case of employers terminating employment. For employees who have worked for 20 years or more to have the right received compensation of not less than the final last 400 days. The Company has recorded the effect from the changes in the financial statements for the year 2019.

## 15. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside a portion of annual net profit for legal reserve not less than 5% of annual net profit less deficits brought forward (if any) until this reserve is not less than 10% of authorized capital. Such reserve is not allowed to pay for dividend. The Company has allocation legal reserve which duly met 10% of authorized share capital.

## 16. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

The meeting	Month/Day/Year		Dividend payment		Number of shares (Million)	The dividend payment		Directors' remuneration (million Baht)	Directors' meeting allowance for each time (Baht)
	Resolution	Dividend payment	Dividend	Year		Per share (Baht)	Total dividend payment (Million Baht)		
The Board of Directors	August 14, 2019	September 12, 2019	Interim	2019	399.44	0.07	27.96	-	-
The Ordinary General Shareholders	April 24, 2019	May 21, 2019	Annual	2018	399.44	0.03	11.98	3.70	10,000 per person
The Ordinary General Shareholders	April 20, 2018	May 14, 2018	Annual	2017	399.44	0.30	119.83	3.70	10,000 per person



## 17. EXPENSES BY NATURE

PARTICULARS	BAHT	
	2019	2018
(Increase) decrease in changes of finished goods and work in process	(12,858,560)	53,213,350
Raw materials and consumables used	5,075,097,654	5,945,446,960
Directors' remuneration	4,370,000	4,250,000
Management benefit expenses	55,865,849	51,681,060
Employee benefit expenses	397,126,787	369,021,569
Depreciation and amortization expenses	275,925,449	388,508,093
Doubtful debts	1,336,633	373,210
Bad debts	373,210	-
Loss on diminution in inventories	-	8,724,799
Loss on deteriorated inventories	771,351	1,049,096
Loss on spare parts disposal	-	519,873
Loss on machineries and equipment disposal	-	11,894,211
Loss on unused equipment	982	-
Other expenses	948,003,433	986,267,185
Finance costs	101,709,742	83,941,184
Total	6,847,722,530	7,904,890,590

## 18 FOREIGN CURRENCY TRANSACTIONS

18.1 As at December 31, 2019 and 2018, the Company has outstanding assets and liabilities denominated in foreign currencies as follows:

(AMOUNT IN MILLION)

PARTICULARS	2019		2018	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	6.483	193.75	11.806	380.06
JPY	16.515	4.48	131.850	38.00
Total Assets		198.23		418.06
<b>Liabilities</b>				
- Portion due within one year				
EUR	0.160	5.46	1.481	55.54
USD	8.158	247.43	16.558	540.05
JPY	13.417	3.75	0.781	0.23
GBP	0.015	0.61	0.002	0.07
Total Liabilities		257.25		595.89

18.2 The Company has entered into Buying and Selling Forward Exchange Contracts with the local commercial bank for hedging against the fluctuation in exchange rates. It can be summarized as follows:

As at December 31, 2019, as follows:

(AMOUNT IN MILLION)

PARTICULARS	Foreign currency	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Buying Forward Exchange Contracts</b>				
USD	2.725	81.78	Baht 30.1490 Baht 30.2860 Baht 29.8014 – 30.3650 Baht 30.1998 – 30.3950 Baht 30.1595 – 30.1700 Baht 29.7200 to USD 1	January 2020 February 2020 July 2020 September 2020 October 2020 January 2021
Total		81.78		

(AMOUNT IN MILLION)

PARTICULARS	Foreign currency	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Selling Forward Exchange Contracts</b>				
USD	29.936	893.65	Baht 30.7017 – 30.8990 Baht 30.7086 – 30.8111 Baht 30.6995 Baht 30.1634 – 30.6960 Baht 30.0720 – 30.4643 Baht 30.0178 – 30.2674 to USD 1	January 2020 February 2020 March 2020 April 2020 May 2020 June 2020
JPY	568.793	157.97	Baht 0.3039 Baht 0.2958 Baht 0.2963 – 0.2967 Baht 0.2808 – 0.2968 Baht 0.2950 – 0.3010 Baht 0.2829 – 0.2857 to JPY 1	January 2020 February 2020 May 2020 June 2020 August 2020 December 2020
Total		1,051.62		

As at December 31, 2018, as follows:

(AMOUNT IN MILLION)

PARTICULARS	Foreign currencies	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Buying Forward Exchange Contracts</b>				
USD	8.577	275.68	Baht 31.4725 – 31.8284 Baht 32.3623 Baht 32.2322 – 32.3322 Baht 32.1492 – 32.3900 Baht 32.0200 – 32.1300 to USD 1	May 2019 June 2019 July 2019 December 2019 January 2020
EUR	1.729	65.09	Baht 37.9704 Baht 37.7250 – 37.9689 to EUR 1	January 2019 April 2019
Total		340.77		

(AMOUNT IN MILLION)

PARTICULARS	Foreign currencies	Fair value (Baht)	Exchange rates on the delivery date	Delivery dates
<b>Selling Forward Exchange Contracts</b>				
USD	26.724	861.47	Baht 32.8750 – 33.3070 Baht 32.8534 – 33.2756 Baht 32.6357 – 32.6757 Baht 32.6202 – 33.0400 to USD 1	January 2019 February 2019 March 2019 April 2019
JPY	521.695	154.67	Baht 0.3007 – 0.3027 Baht 0.3006 – 0.3047 Baht 0.3033 – 0.3064 Baht 0.2988 – 0.3012 Baht 0.2953 – 0.2995 to JPY 1	March 2019 June 2019 August 2019 October 2019 December 2019
Total		1,016.14		

## 19. PROMOTIONAL PRIVILEGES

A.J. Plast Public Company Limited was granted the promotional certificates from the Board of Investment 15 promotional certificates as follows:

1. Promotional certificates Nos.	2. Effective dates of Promotional Certificates	3. The promotional privileges for manufacturing of	4. Expiry dates according to items 5.1 and 5.2
1459/2538 July 10, 1995	May 1, 1995	BOPP FILM and CPP FILM, category of plastic products or plastic coated	April 30, 2003
1048(1)/2545 January 22, 2002	May 23, 2003	BOPP FILM, category of plastic products or plastic coated	May 22, 2011
1674(2)/2548 July 29, 2005	April 1, 2006	BOPA FILM, category of plastic products or plastic coated	March 31, 2014
2079(2)/2550 October 29, 2007	July 28, 2008	BOPP FILM, category of plastic products or plastic coated	July 27, 2016
1804(2)/2552 October 14, 2009	February 2, 2010	Metal coated or ANODIZE (SURFACE TREATMENT)	February 1, 2018
1919(2)/2553 August 27, 2010	March 16, 2011	BOPA FILM, category of plastic products or plastic coated	March 15, 2019
1291(2)/2554 March 11, 2011	April 26, 2012	BOPET FILM, category of plastic products or plastic coated	April 25, 2020
1008(2)/2555 January 12, 2012	April 26, 2013	BOPP FILM, category of plastic products or plastic coated	April 25, 2021
1358(2)/2555 March 22, 2012	November 26, 2013	BOPET FILM, category of plastic products or plastic coated	November 25, 2021
2897(2)/2555 December 18, 2012	October 24, 2014	BOPP FILM, category of plastic products or plastic coated	October 23, 2022
1649(2)/2556 May 16, 2013	December 24, 2015	CPP and LLDPE FILM, category of plastic products or plastic coated and/or metal coated	December 23, 2023
1372(2)/2557 March 25, 2014	July 1, 2014	Plating or coating or ANODIZE	June 30, 2022
2368(2)/2557 October 29, 2014	March 3, 2015	Plating or coating or ANODIZE	March 2, 2023

1. Promotional certificates Nos.	2. Effective dates of Promotional Certificates	3. The promotional privileges for manufacturing of	4. Expiry dates according to items 5.1 and 5.2
58-1874-0-00-1-0 July 8, 2015	October 15, 2015	Plating or coating or ANODIZE	October 14, 2023
61-0320-1-18-1-0 March 21, 2018	June 25, 2019	BOPA FILM, category of plastic products or multi-layer plastic	June 24, 2025

#### 5. Important privileges which are granted :

5.1 Exemption from corporate income tax on net profit of promotional operations as follows :

5.1.1 Exemption from corporate income tax on net profit of promotional operations for 8 years. Whereby the promotional certificates 1919(2)/2553, 1291(2)/2554, 1008(2)/2555, 1358(2)/2555, 2897(2)/2555, 1649(2)/2556, 1372(2)/2557, 2368(2)/2557 and 58-1874-0-00-1-0 have limited amount for corporate income tax exemption maximum of Baht 529 million, Baht 861 million, Baht 815 million, Baht 945 million, Baht 650 million, Baht 336 million, Baht 80 million, Baht 147 million and Baht 74 million, respectively.

5.1.2 Exemption from corporate income tax on net profit of promotional operations for 6 years. Whereby the promotional certificates 61-0320-1-18-1-0 has limited amount for corporate income tax exemption maximum of Baht 845 million.

These will be varied according to the amount of investment excluding land and effective working capital on the opening date of operation according to the promotional project.

5.2 Exemption from income tax on dividend from promoted business which was exempted from income tax as 5.1, Income tax is calculated during the exemption income tax period of each card.

5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption of 5.1 expired of the promotional certificates No.1674(2)/2548, No.2079(2)/2550 and No.1804(2)/2552 for 5 years.

5.4 Exemption from import duty on raw materials and necessary supplies imported from overseas for export production, commencing from the first date of importation for 5 years.

5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit incurred since the exemption from corporate income tax was expired within 5 years, by which can be deducted from net profit of any year or several years.

As a promoted industry, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

The Company has sales both local and export for the years ended December 31, 2019 and 2018, respectively according to Note 24 to the financial statements.

On June 13, 2019, the Company has been approved from the Board of Investment to cancel the promotional certificate No. 1239(2)/2546 date on September 14, 2003.

## 20. INCOME TAXES

The Company's income taxes are calculated from the accounting profit (loss) adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in income tax computation purposes and adjusted with net loss brought forward under Revenue Code not exceeding 5 accounting years prior to the current year.

The BOI business without the exemption privilege from income tax and the non-BOI business, the income tax computation is calculated at the rate of 20% in 2019 and 2018.

The BOI business with the exemption privilege from income tax, the Company calculated according to the promotional privileges which are granted (see also Note 19 to the financial statements).

The Company has no income tax to be paid in 2019 and 2018.

The Company has no deferred tax assets/liabilities and income tax expenses recognized in statements of comprehensive income due to the Company has exemption from corporate income tax for the promoted industry.

## 21. COMMITMENT AND CONTINGENT LIABILITIES

The Company has commitment and contingent liabilities as follows :

PARTICULARS	AMOUNT IN MILLION BAHT	
	2019	2018
Letters of guarantee issued by commercial banks	15.93	15.90
Letters of credit	63.35	52.21

The Company has entered into agreement with the financial institutions as follows : (see also Note 10 to the financial statements).

PARTICULARS	AMOUNT IN MILLION BAHT	
	2019	2018
Bank overdrafts facilities	265	265
Short-term loans agreement	1,090	1,090
Letters of credit and trust receipts facilities	4,370	4,370

## 22. COMMITMENT ON LONG-TERM LEASE - Land Leasing Agreement

The Company has entered into Land Leasing Agreement at the Industrial Estate Project and Laemchabang Exporting Zone at Sriracha, Choburi Province with the Industrial Estate of Thailand as follows :

The plot of land Nos.	Total area	The term of lease	The period	Annual Rental (Million Baht)
12G-2 and 12G-3	40 Rai	30 years (August 31, 1990 – August 30, 2020)	The 1 <sup>st</sup> – 10 <sup>th</sup> years The 11 <sup>th</sup> – 20 <sup>th</sup> years The 21 <sup>th</sup> – 30 <sup>th</sup> years	2.36 2.60 2.85
12G-1/1 and 12G-4/1	8 Rai 2 Ngan 85.83 Square Wah	18 Years (August 5, 2002 – August 30, 2020)	The 1 <sup>st</sup> – 10 <sup>th</sup> years The 11 <sup>th</sup> – 18 <sup>th</sup> years	0.57 0.62
12G-1 and 12G-4	25 Rai 3 Ngan 42.17 Square Wah	30 Years (March 16, 2011 – March 15, 2041)	The 1 <sup>st</sup> – 5 <sup>th</sup> years The 6 <sup>th</sup> – 10 <sup>th</sup> years The 11 <sup>th</sup> – 15 <sup>th</sup> years The 16 <sup>th</sup> – 20 <sup>th</sup> years The 21 <sup>th</sup> – 25 <sup>th</sup> years The 26 <sup>th</sup> – 30 <sup>th</sup> years	4.13 4.54 5.00 5.50 6.05 6.65
CP 27	1 Rai 1 Ngan 19.63 Square Wah	3 Years (August 1, 2019 – July 31, 2022)	The 1 <sup>st</sup> years The 2 <sup>nd</sup> years The 3 <sup>rd</sup> years	0.28 0.30 0.30
B5-2	6 Rai 2 Ngan 76.53 Square Wah	30 Years (November 1, 2013 – October 31, 2043)	The 1 <sup>st</sup> – 30 <sup>th</sup> years  <u>Note</u> Rental rate possibly to change as according to the lessor setting	1.18

The Company has entered into Land Leasing Agreement at Tambol Nong Kham, Sriracha, Choburi Province with the other person which renew from old agreement as follow :

Title deed	Total area	The term of lease	Annual Rental (Million Baht)
69315	5 Rai 96 Square Wah	3 years (January 1, 2018 – December 31, 2020)	1.06

On February 12, 2020, the Industrial Estate Laemchabang Office has the notice to renew Land Leasing Agreement for industry of the plot No.12G-2, 12G-3 area 40 Rai and No.12G-1/1,12G-4/1,area 8 Rai 2 Ngan 85.83 Square Wah, which will be expired on August 30, 2020. The Company will renew from old agreement for 30 years effective from August 31, 2020 to August 30, 2050. The expenses for engaging into Land Leasing Agreement are as follows:

1. Prepaid annual land rental (From August 31, 2020 to August 30, 2021) amount of Baht 13.53 million.
2. Rental collateral in cash amount of Baht 13.53 million.
3. Rental collateral in letter of guarantee amount of Baht 13.53 million.
4. Facility maintenance fee for September to October 2020 amount of Baht 0.10 million.

As at December 31, 2019, the Company has totally minimum payment to be paid in the future under the long-term lease agreement as follows:

PARTICULARS	AMOUNT IN MILLION BAHT
Within 1 year	5.76
Over 1 year within 5 years	25.06
Over 5 years	119.35
Total	150.17

## 23. TRANSACTIONS WITH RELATED PERSON

On September 20, 2019 the Board of Directors Meeting No. 5/2019 has resolution to purchase condominium from the director and a related person of director for using as a residence for directors and executives amount of Baht 9,900,000. The purchase price is according to fair value assessed by the independent appraiser.

## 24. FINANCIAL INFORMATION BY SEGMENT

The Company operates in one industrial segment that is packaging. The Company's financial information by segment for the years ended December 31, 2019 and 2018 are as follows:

PARTICULARS	AMOUNT IN MILLION BAHT					
	2019			2018		
	Local	Export	Total	Local	Export	Total
Sales	2,617.68	4,252.74	6,870.42	2,632.50	5,137.27	7,769.77
Cost of sales	(2,319.00)	(3,946.78)	(6,265.78)	(2,462.89)	(4,851.18)	(7,314.07)
Selling expenses	(51.18)	(164.96)	(216.14)	(48.24)	(175.69)	(223.93)
Segment profit	247.50	141.00	388.50	121.37	110.40	231.77
Profit for the years			236.16			17.98
Property, plant and equipment			6,367.19			6,343.77



## 25. PROVIDENT FUND

The Company has set up and registered Provident Fund in accordance with the Provident Fund Act, B.E. 2530 (1987), in order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation. The fund is partly contributed by the employees and another part by the Company at the rate 3% of their basic salaries. Hereby, the Company has appointed the TISCO Asset Management Company Limited to be the fund manager.

Provident fund contributions made by the Company for the employees and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2019 and 2018 are Baht 5.76 million and Baht 5.41 million, respectively.

## 26. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments both in and off statements of financial position, as follows:

### 26.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

### 26.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company.
- The credit risk with respect to the concentration of trade accounts receivable due to its small number of major customers with high proportion.
- For the financial assets shown in statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such rovisions are assumed to be the highest value of risk incurred from breach of contracts.

### 26.3 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to it has set up a plan and follow up the situation closely.

### 26.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

- Financial assets shown at book value which equal to estimated fair value.
- Financial liabilities shown at book value which equal to estimated fair value. Loans carrying interest rates close to the market rates.

### 26.5 Hedging against risk from foreign currency transactions

The Company has bought and sold some forward exchange contracts for hedging against risk arising from the fluctuation in exchange rates of foreign currencies.

## 27. CAPITAL MANAGEMENT

The objectives of the Company in capital management are to maintain its ability to continue as a going concern and to maintain appropriate capital structure. In addition, it has to maintain debt to equity ratio as stipulated in loan agreement.

The Company has the ratio of debt to shareholders' equity as follows:

PARTICULAR	2019	2018
The ratio of debt to shareholders' equity	1.41 : 1	1.67 : 1

## 28. EVENTS AFTER THE REPORTING PERIOD

The Company has made Buying and Selling Forward Exchange Contracts with the local commercial bank after the reporting period to the date of independent auditor's report for hedging against the fluctuation in exchange rates, as follow:

### 28.1 The new Buying and Selling Forward Exchange Contracts.

(AMOUNT IN MILLION)

PARTICULARS	EXCHANGE RATES	DELIVERY DATES
<b>Buying Forward Exchange Contracts</b>		
USD 1.150	Baht 30.5801 Baht 29.6000 – 29.7002 to USD 1	July 2020 January 2021
<b>Selling Forward Exchange Contracts</b>		
USD 35.900	Baht 29.8767 – 30.8138 Baht 30.9726 – 31.1218 to USD 1	July 2020 August 2020
JPY 290.00	Baht 0.2807 – 0.2865 Baht 0.2905 – 0.2916 to JPY 1	January 2021 February 2021

**28.2 The Selling Forward Exchange contracts which renew from old Contracts.**

(AMOUNT IN MILLION)

PARTICULARS	EXCHANGE RATES	DELIVERY DATES
<b>Selling Forward Exchange Contracts</b>		
USD		
3.900	Baht 30.4510 – 30.8430	July 2020
	Baht 30.5924	August 2020
	to USD 1	
JPY		
40.000	Baht 0.2863	January 2021
	to JPY 1	

**29. RECLASSIFICATION**

Certain accounting transactions in the financial statements for the year ended December 31, 2018, have been reclassified to conform with the current year classifications. The reclassifications had no effect to previously reported financial performance or shareholders' equity. The reclassifications are as follows :

PARTICULARS	AMOUNT IN BAHT	
	RECLASSIFIED	PREVIOUSLY REPORTED
<b><u>Statements of nancial position</u></b>		
<u>Assets</u>		
Trade and other receivables	1,054,037,317	1,053,117,864
Other current assets		
– Prepaid spare parts	595,728	–
– Other	5,758,354	7,148,268
Intangible assets	2,684,258	2,809,525
Other non-current assets		
– Refundable value added tax	9,268,790	7,498,907
– Others	2,149,492	3,919,375

PARTICULARS	AMOUNT IN BAHT	
	RECLASSIFIED	PREVIOUSLY REPORTED
<b><u>Statements of cash flows</u></b>		
<b><u>Cash flows from operating activities</u></b>		
Adjustments to reconcile profit for the years to net cash provided from (used in) operation :		
Amortization of computer softwares	1,430,135	1,454,868
Increase in other income from the write-off assets acquisition payables	(1,216,699)	-
Increase in other income from the write-off of trade and other payables	(2,384,497)	-
(Increase) decrease in operating assets items :		
Trade and other receivables	(72,604,593)	(71,685,140)
Other current assets	2,213,758	1,419,572
Increase (decrease) in operating liabilities items :		
Trade and other payables	79,271,491	76,886,994
<b><u>Cash flows from investing activities</u></b>		
Purchase of computer softwares	(1,033,651)	(1,183,651)
<b><u>Cash flows from financing activities</u></b>		
Repayment for assets acquisition payables	(14,173,987)	(15,390,686)

### 30. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 19, 2020.



บริษัท เอ.เจ. พลาส จำกัด (มหาชน)

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