



บริษัท ไทยนามพลาสติกส์ จำกัด (มหาชน)
Thai Nam Plastic (Public) Company Limited



รายงานประจำปี 2562 ANNUAL REPORT 2019

Contents

| | Pages |
|---|-------|
| Overview of Business and Vision | 1 |
| Summary of Financial Information | 2 |
| Message from the Board of Directors | 4 |
| Management Structure | 5 |
| Board of Directors | 6 |
| Top Management | 14 |
| Nature of Business | 15 |
| Risk Factors | 18 |
| General Information and Other Information | 21 |
| Securities and Shareholders Structure | 24 |
| Corporate Governance | 26 |
| Corporate Social Responsibilities | 33 |
| Internal Control and Internal Audit | 35 |
| Related Transactions | 36 |
| The Audit Committee's Report | 37 |
| Report on the Board of Directors' Responsibilities for the Financial Statements | 39 |
| Management Discussion and Analysis | 40 |
| Report of the Auditor and Consolidated Financial Statements | 43 |

Overview of Business and Vision

Thai Nam Plastic Public Company Limited is a leading company for plastic products in Thailand over 50 years, which operating since year 1970. The main products are artificial leather and sheets for automobile industry in part of Automotive Interior Trim. Furthermore, The Company is also the producer of sport shoes and equipment as well as furniture and fashionable leather product industry. Moreover, The Company has been creating, researching and developing new products continuously, especially for Non-Toxic products with the international standardized quality and are also eco-friendly which are given priority by global industry at present and in the future. The Company adheres to provide service with the standard quality and fast delivery of products as required by customers which has satisfied our customers consistently.

Vision

To be the leader in the artificial leather and the plastic sheet that has the international quality that are used in the automotive industry worldwide and related industries.

Mission

1. This will aim for the development of the personnel to have the readiness in the management and the specific capacity that will come to support the change including having the good welfare and the compensation.
2. This will aim and contribute the culture of the safety including the environment for the overall of the organization.
3. This has to join to develop products in the group of car manufacturers and the supply chain for every car manufacturing company including other industries in every sector sustainably.
4. This will support the job in researching, developing the production technology and new materials in order to lift the quality level of the product and support new products.
5. This will have to do the participating activity in order to reduce the cost and increase the productivity for the overall of the organization.
6. This will focus on using the measuring instrument and investigating in the production process and the bringing of the automatic system to use.
7. This will have to develop the information system in every region in order to support the working and the decision efficiently.

Summary of Financial Information

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

| Statement of Comprehensive Income (Baht Million) | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------|----------|----------|----------|----------|
| Revenue from sales | 922.56 | 1,122.88 | 1,107.46 | 1,019.30 | 1,020.01 |
| Cost of sales | 770.05 | 856.55 | 848.82 | 793.09 | 801.43 |
| Gross profit | 152.51 | 266.33 | 258.64 | 226.21 | 218.58 |
| Other incomes | 10.11 | 8.28 | 14.34 | 27.21 | 8.38 |
| Selling & Administrative expenses | 212.57 | 213.64 | 225.76 | 174.12 | 193.62 |
| Finance costs | 13.22 | 14.90 | 13.10 | 14.90 | 18.23 |
| Income Tax expense (Tax Income) | 22.30 | 26.46 | 46.49 | 39.88 | (18.36) |
| Profit (loss) for the year | (85.47) | 19.61 | (12.37) | 24.52 | 33.47 |
| Basic earnings (loss) per share (Baht) | (0.27) | 0.06 | (0.04) | 0.08 | 0.11 |
| Statement of Financial Position (Baht Million) | 2019 | 2018 | 2017 | 2016 | 2015 |
| Property, Plant and Equipment | 336.82 | 342.33 | 310.98 | 347.21 | 377.82 |
| Total assets | 895.41 | 1,093.58 | 1,026.95 | 1,046.02 | 1,134.28 |
| Total Liabilities | 432.80 | 519.14 | 459.21 | 441.93 | 509.93 |
| Total Shareholders' equity | 462.62 | 574.44 | 567.74 | 604.09 | 624.36 |
| Paid-up share capital | 319.52 | 319.52 | 319.52 | 319.52 | 319.52 |
| Book value (Baht/share) | 1.45 | 1.80 | 1.78 | 1.89 | 1.95 |
| Financial Ratios | 2019 | 2018 | 2017 | 2016 | 2015 |
| Current Ratio (times) | 1.73 | 1.52 | 1.61 | 1.56 | 1.47 |
| Accounts Receivable Turnover (times) | 4.45 | 4.36 | 5.22 | 5.60 | 5.11 |
| Day in Accounts Receivable (days) | 81.95 | 83.80 | 69.93 | 65.22 | 71.45 |
| Inventories Turnover (times) | 2.45 | 2.56 | 2.50 | 2.17 | 2.09 |
| Day in Inventories (days) | 149.16 | 142.65 | 145.81 | 167.98 | 174.76 |
| Accounts Payable Turnover (times) | 5.64 | 5.46 | 6.30 | 6.82 | 6.00 |
| Day in Accounts Payable (days) | 64.77 | 66.86 | 57.90 | 53.53 | 60.79 |
| Assets Turnover (times) | 1.03 | 1.03 | 1.08 | 0.97 | 0.90 |
| Gross Profit (%) | 16.53 | 23.72 | 23.35 | 22.19 | 21.43 |
| Net Profit (%) | (9.26) | 1.75 | (1.12) | 2.38 | 3.34 |
| Interest Payment Capability (times) | (3.78) | 4.09 | 3.60 | 5.32 | 1.83 |
| Debt to Equity (times) | 0.94 | 0.90 | 0.81 | 0.73 | 0.82 |
| Debt to Total Assets (times) | 0.48 | 0.47 | 0.45 | 0.42 | 0.45 |

Remark In the year 2015, The Company has to change in the par value from Baht 5 per share to Baht 1 per share.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Summary of Financial Information

THAI NAM PLASTIC PUBLIC COMPANY LIMITED

| Statement of Comprehensive Income (Baht Million) | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------|----------|----------|----------|----------|
| Revenue from sales | 867.24 | 1,103.93 | 1,023.55 | 956.97 | 987.07 |
| Cost of sales | 712.30 | 816.63 | 767.02 | 735.15 | 780.29 |
| Gross profit | 154.94 | 287.30 | 256.53 | 221.82 | 206.78 |
| Dividend Income | - | - | - | - | 3.00 |
| Gain from exchange rate | - | 2.30 | - | - | - |
| Other incomes | 11.35 | 11.07 | 11.61 | 13.41 | 26.89 |
| Selling & Administrative expenses | 240.04 | 236.46 | 229.36 | 175.07 | 222.13 |
| Finance costs | 13.14 | 12.67 | 13.04 | 14.81 | 18.16 |
| Income Tax expense (Tax Income) | 6.30 | 31.06 | 29.91 | 23.50 | 6.91 |
| Profit (loss) for the year | (93.19) | 20.48 | (4.17) | 21.85 | (10.53) |
| Basic earnings (loss) per share (Baht) | (0.29) | 0.06 | (0.01) | 0.07 | (0.03) |
| Statement of Financial Position (Baht Million) | 2019 | 2018 | 2017 | 2016 | 2015 |
| Property Plant and Equipment | 468.48 | 470.87 | 457.14 | 494.94 | 528.37 |
| Total assets | 1,053.73 | 1,246.28 | 1,186.83 | 1,183.80 | 1,251.43 |
| Total Liabilities | 430.98 | 513.22 | 456.57 | 430.24 | 500.97 |
| Total Shareholders' equity | 622.75 | 733.06 | 730.27 | 753.56 | 750.46 |
| Paid-up share capital | 319.52 | 319.52 | 319.52 | 319.52 | 319.52 |
| Book value (Baht/share) | 1.95 | 2.29 | 2.29 | 2.36 | 2.35 |
| Financial Ratios | 2019 | 2018 | 2017 | 2016 | 2015 |
| Current Ratio (times) | 1.80 | 1.59 | 1.67 | 1.64 | 1.48 |
| Accounts Receivable Turnover (times) | 3.02 | 3.29 | 3.42 | 3.49 | 3.68 |
| Day in Accounts Receivable (days) | 120.76 | 111.00 | 106.64 | 104.60 | 99.27 |
| Inventories Turnover (times) | 2.61 | 2.72 | 2.57 | 2.38 | 2.33 |
| Day in Inventories (days) | 139.97 | 134.00 | 142.27 | 153.65 | 156.37 |
| Accounts Payable Turnover (times) | 5.26 | 5.22 | 5.74 | 6.47 | 5.94 |
| Day in Accounts Payable (days) | 69.39 | 69.94 | 63.59 | 56.39 | 61.46 |
| Assets Turnover (times) | 0.82 | 0.89 | 0.86 | 0.81 | 0.79 |
| Gross Profit (%) | 17.87 | 26.03 | 25.06 | 23.06 | 20.95 |
| Net Profit (%) | (10.75) | 1.86 | (0.41) | 2.28 | (1.07) |
| Interest Payment Capability (times) | (5.61) | 5.07 | 2.97 | 4.06 | 0.80 |
| Debt to Equity (times) | 0.69 | 0.70 | 0.63 | 0.57 | 0.67 |
| Debt to Total Assets (times) | 0.41 | 0.41 | 0.38 | 0.36 | 0.40 |

Remark In the year 2015, The Company has to change in the par value from Baht 5 per share to Baht 1 per share.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Message from the Board of Directors

In the year 2019, it was another year of the sluggish economy that remains slowing down from last year. As a result, the growth rate in Thai economy dropped to 2.4 percent, the lowest for the past 5 years due to the effects of the trade war between the United States and China. While the baht appreciated at the highest rate in 6 years, causing Thai export and tourism industry to slow down as well as the severe drought in the country. In addition, there was an outbreak of Coronavirus disease 2019 or COVID-19, which is expected to affect the economy in 2020 at the end of the year. Including tourism, export and import that are linked to chains of production and trade involving China. It is therefore expected that the economic growth rate of Thailand will be within the range of 1.5-2.0 percent, while export is likely to amount to a negative 2 percent.

In 2019, Thailand automotive industry has been affected by economic slowdown in the country. Domestic purchasing power decreases because people are careful about how they spend money. For the whole year, the total production volume was at 2,013,710 vehicles, decreased by 7.1 percent from last year but exceeding production of 2 million units target. While domestic car sales of 1,007,552 vehicles, where it has decreased by 3.3 percent from last year, but it is still maintaining vehicle sales at 1 million vehicles that exceeds a target. Export sales volume amounted to 1,054,103 units where it has decreased by 7.59 percent from last year but exceeding sales of 1 million units target. Since the aftermath of the economic slowdown and volatility throughout the year making business operations difficult to plan due to the Company's main revenues were derived from industrial sales to the automotive market. The Company and its subsidiaries had total sales in 2019 of 922.56 million baht, decreased by 17.84 percent, from 1,122.88 million baht last year and net loss of 85.47 million baht. As a result, the Company somewhat face financial liquidity problems for additional investment led to continuous modifications and development of machinery to improve production efficiency in support for producing new product for future expansion of the business.

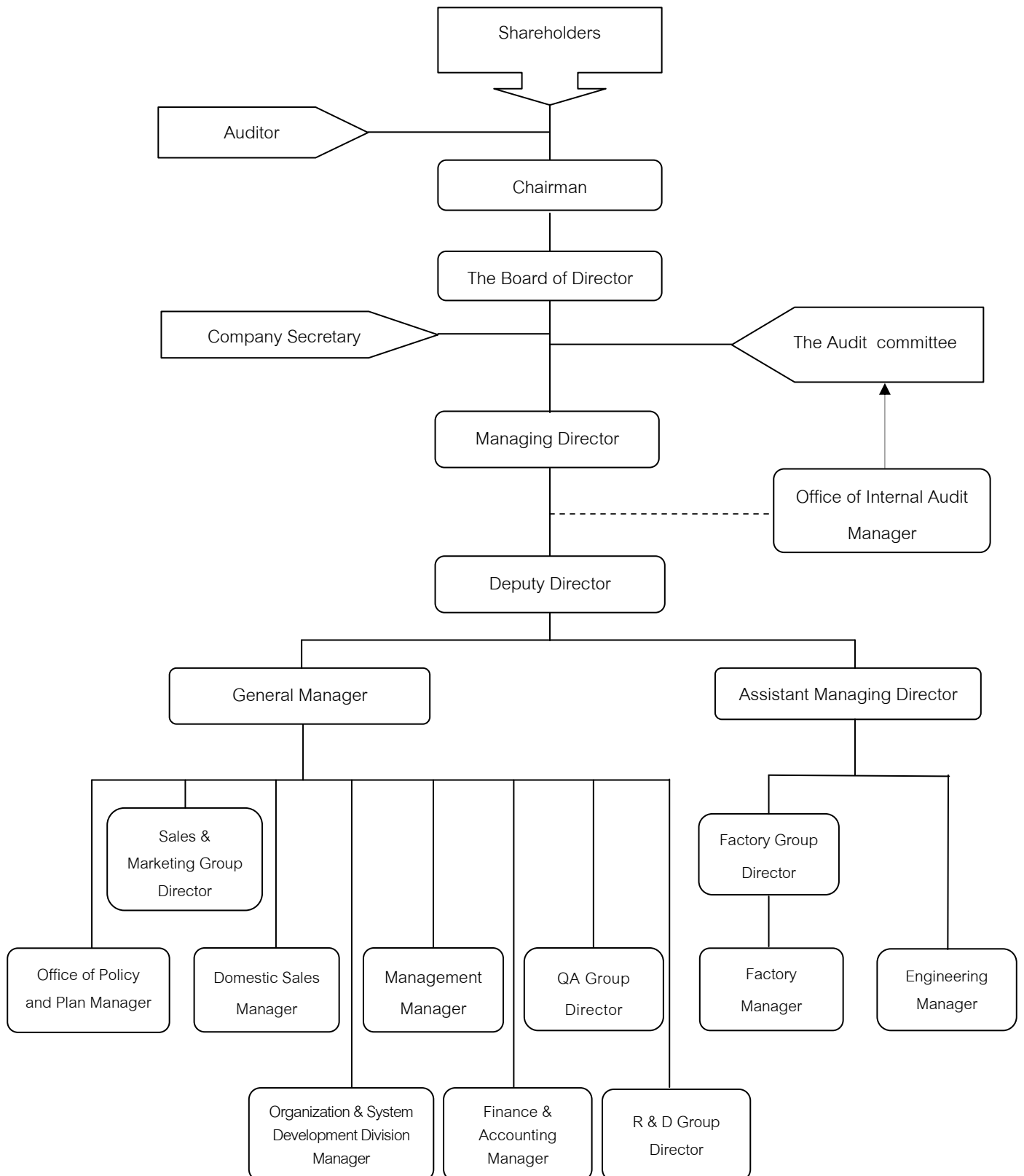
However, despite the difficult business situation will continue for the rest of 2020, the Company is confident of all employees' and executives' intention and full cooperation in the workplace, the continuous and good support of business partners, trading partners, financial institutions and all shareholders. The Company will be able to move through the problems and obstacles standing in the way to endure the present economic situation and ready to move forward steadily when economic and industrial conditions recover in the future. On behalf of the Board of Directors we would like to take this opportunity to express our appreciation to you all.



Mrs. Siriphorn Mangkornkarn
Chairman

Management Structure

Management structure of the Company as of 31st December 2019 as follows:



Board of Directors

As of 31st December 2019, the Company's Board of Directors consists of 9 persons including:

- ❑ Executive Directors 4 persons
- ❑ Non- Executive Directors 5 persons, which are as follows:
 - Independent Directors 3 persons (account for one-third of Board members)
 - Non-managing Directors 2 persons

Names of the Board of Directors and the Attendance of the Directors' Meeting in 2019

| Name | Position | Board of Directors' Meeting | |
|----------------------------------|---|-----------------------------|----------------------|
| | | Number of Meeting | Number of Attendance |
| 1. Mrs. Siriphorn Mangkornkarn | Chairman and Managing Director | 9 | 9 |
| 2. Mr. Kong Mangkornkarn | Executive Director | 9 | 9 |
| 3. Miss Piyatida Mangkornkarn | Executive Director | 9 | 9 |
| 4. Mr. Kritasorn Mangkornkarn | Executive Director | 9 | 8 |
| 5. Mr. Thawat Treewanakul | Director | 9 | 9 |
| 6. Mr. Chaiyanandh Lapitananuvat | Director | 9 | 9 |
| 7. Mr. Vorathep Vithayaviroj | Independent Director and Chairman of the Audit Committee | 9 | 9 |
| 8. Mr. Peesak Prapaiporn | Independent Director and Member of the Audit Committee | 9 | 9 |
| 9. Mr. Wutipong Vechayanon | Independent Director and Member of the Audit Committee | 9 | 7 |

Remark : In the year 2019, There were 9 times of the Company's Board's Meeting.

Definition of Board of Directors

| | | |
|--------------------------|--------|---|
| Executive Directors | Means: | The directors who had a position in the management and are involved in day-to-day operations of the organization. |
| Non- Executive Directors | Means: | The directors who do not hold a position in the management, may or may not be an independent director, and are not involved in day-to-day operations of the organization. |
| Independent Directors | Means: | Independent directors or outside directors who are not engaged in day-to-day management of the organization and are not major shareholders, Furthermore, Independent directors must have no such connection with a major shareholder, group of major shareholders, or other stakeholders. |

The Company's Board of Directors consists of 9 persons:



Mrs. Siriphorn Mangkornkarn
Chairman and Managing Director



Mr. Kong Mangkornkarn
Executive Director



Miss Piyatida Mangkornkan
Executive Director



Mr. Kritasorn Mangkornkarn
Executive Director



Mr. Thawat Treewanakul
Director



Mr. Chaiyanandh Lapitananuvat
Director



Mr. Vorathep Vithayaviroj
Independent Director and
Chairman of the Audit Committee



Mr. Peesak Prapaiporn
Independent Director and
Member of the Audit Committee



Mr. Wutipong Vechayanon
Independent Director and
Member of the Audit Committee

Biography of Board of Directors

| Name | Education | Working Experiences | |
|---|---|-----------------------|---|
| | | Period | Position/Agencies/Company |
| 1. Mrs. Siriphorn Mangkornkarn Chairman and Managing Director Age 79 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 2.70 Attendance of Board's Meetings : 9/9 | BA in Commerce and Accounting (Accounting), Thammasat University | Present | - Managing Director: Taweewattana Logistics Co., Ltd. Thai Nam Automotive Performance Co., Ltd. Citric Acid Industry Co., Ltd. |
| 2. Mr. Kong Mangkornkarn Executive Director Age 50 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 3.80 Attendance of Board's Meetings : 9/9 | MBA, Mercer University Atlanta, USA | Present | - Managing Director, TNV Plastics (Proprietary) Limited - Executive Director, Thai Nam Automotive Performance Co., Ltd. |
| 3. Miss Piyatida Mangkornkan Executive Director Age 53 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 3.84 Attendance of Board's Meetings : 9/9 | MBA, Mercer University Atlanta, USA | Present Former | - Executive Director: Taweewattana Logistics Co., Ltd. TNV Plastics (Proprietary) Limited - Manager, Credit Underwriting Dept (for MBXCB), TMB Bank Public Co.,Ltd. - Manager, Credit Analysis Dept, TMB Bank Public Co.,Ltd. - Manager, Investment Business Dept, TMB Bank Public Co.,Ltd. |
| 4. Mr. Kritasorn Mangkornkarn Executive Director Age 44 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold 4.22 Attendance of Board's Meetings : 8/9 | Master Degree in Industrial and Organization Psychology Liberal Art Faculty, Thammasat University | Present | - Executive Director, Thai Nam Automotive Performance Co., Ltd. - General Manager: Thai Nam Plastic Public Co.,Ltd. Thai Nam Automotive Performance Co., Ltd. |
| 5. Mr. Thawat Treewanakul Director Age 60 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 9/9 | MA, Industrial Engineering Faculty, Asia Institute of Technology (AIT) | Present | - Executive Vice President, Bangkok Bank Public Co.,Ltd. - Director: Seacon Development Public Co.,Ltd. Bualuang ventures Co., Ltd. Panuspoultry Group Co., Ltd. |

| Name | Education | Working Experiences | |
|---|---|-----------------------|---|
| | | Period | Position/Agencies/Company |
| 6. Mr. Chaiyanandh Lapitananuvat Director Age 65 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 9/9 | MBA, University of South Alabama, USA | Present Former | - Company Consultant, KCG Corporation Co., Ltd. - Chairman of the board of Adviser, Islamic Bank of Thailand - Executive Vice President, Thanachart Bank Public Co., Ltd. |
| 7. Mr. Vorathep Vithayaviroj Independent Director and Chairman of the Audit Committee Age 75 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 9/9 | Master of Science (Management), Mississippi State University, USA | Former | - Senior Management the debt, Bank of Thailand - Assistant Director of the South Branch, Bank of Thailand - Head of Branch Office of the Governor, Bank of Thailand |
| 8. Mr. Peesak Prapaiporn Independent Director and Member of the Audit Committee Age 66 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) Percent of Shares hold -none- Attendance of Board's Meetings : 9/9 | BA in Accountin (Costing) Chulalongkorn University | Former | - Vice President (senior), TMB Bank Public Co.,Ltd. - Vice President (senior), The Industrial Financial Corporation Of Thailand. |
| 9. Mr. Wutipong Vechayanon Independent Director and Member of the Audit Committee Age 58 Years old Nationality Thai Trainings: - Participating the Director Accreditation Program (DAP) - Director Certification Program (DCP) Percent of Shares hold -none- Attendance of Board's Meetings : 7/9 | Master of Law, Harvard University, USA | Present Former | - Managing Director, TR Asset Management Co., Ltd. - Assistant Managing Director, Pruksa Real Estate Public Co., Ltd. - Risk Management Committee General Counsel, SME Bank - Audit Committee, The Cambodian Commercial Bank - Executive Director, Siam Commercial Plus Co.,Ltd. - President, Siam-Niti Law Office - Executive Vice President, Siam Commercial Bank Public Co.,Ltd. |

| Name | Education | Working Experiences | |
|---|---|---------------------|---|
| | | Period | Position/Agencies/Company |
| 10. Miss Somsuan Khondon Company's secretary Age 54 Years old Nationality Thai Trainings: - Company Secretary Program (CSP) - Effective Minute Taking (EMT) - Anti-Corruption: The Practical Guide (ACPG) Percent of Shares hold -none- Attendance of Board's Meetings : 9/9 | BA in Accounting, Wongchawalitkul University | Year 1991 - Present | - Information Department Manager Thai Nam Plastic Public Co., Ltd |
| 11. Mr. Chairaj Kongsiripanich Secretary of the Audit Committee Age 56 Years old Nationality Thai Trainings: - Fundamental Practice for Corporate Secretary Percent of Shares hold 0.02 Attendance of Board's Meetings : 8/9 | MBA, Thammasat University | Year 1996 - Present | - Office of Internal Audit Manager Thai Nam Plastic Public Co., Ltd. |

Remark : In the year 2019, There were 9 times of the Company's Board's Meeting.

Scope of Duties & Responsibilities of the Board of Directors

1. To carry on the Company business in accordance with the laws.
2. To appoint a director or directors or any person to be manager, managing director, vice president to perform their duties under the Board of Directors' control, and to make a power of attorney to director, manager, managing director, vice president and/or any other person to empower.
3. To remove or revoke, change a manager, superintendent or other senior employees of the Company and/or to correct such powers when considered not suitable to manage the Company's business.
4. To sell or mortgage any of the Company's immovable property or hire out any of the Company's immovable property for more or less than 3 years and/or the Company's benefits.
5. To fix the amount of salary, remuneration, reward, bonus or any other benefit for the Company's employees.
6. To appoint attorneys or to be a party in a litigation in a civil suit and a criminal case and/or a bankruptcy case, to compromise a claim and to submit to arbitration any claim.
7. To set the employees' regulation and the Company's operation.
8. To fix the interim dividends payable to the shareholders.
9. To select a person or persons whose qualifications not prohibited by Public Laws to be a director to be filled in a vacancy among the directors other than a retirement by rotation.
10. To select a number of appropriate directors to be executive directors.

Appointment of Directors

To appoint the Company's directors, it shall be followed by the resolution of the shareholders' meeting according to the following principles and methods:

1. One shareholder shall have one vote for each share.
2. By electing the director, each shareholder shall vote all his votes (According to Item 1.) by voting for one or more director(s). This is according to resolution from the shareholders' meeting. However, by each voting, each shareholder shall vote all his votes and shall not give or separate his vote to certain person unequally.
3. By voting to appoint the directors, the persons who will be voted to be director shall have majority votes. The person who receive highest votes respectively shall be elected to be directors of which the number of the directors shall be equal to the number of directors available in that election. In case that the next elected persons, having the same number of votes, are more than the number of available directors in that election, the arbitration will be given by the Chairman of the meeting.

Additionally, in case that the position of director is vacant because of other reasons with the exception of periodical resignation, the appointment of the director can be resolved by the resolution from Company directors with votes not less than $\frac{3}{4}$ from the number of available directors. Directors shall elect appropriate persons to be replaceable directors in the next meeting with the exception that the period of directors is less than 2 months. Besides, the persons who are entitled to be the replaceable directors shall be entitled to be the directors only within the remaining period of the previous directors.

Audit Committee

The Audit Committee member has a term of office of 2 years each. As of 31st December 2019 the Audit Committee is comprised of independent non- executive directors as follows:

| Names | Position | The Audit Committee Meetings in 2019 | |
|-------------------------------|----------------------------------|---|-------------------------|
| | | Number of Meeting | Number of Attendance |
| 1. Mr. Vorathep Vithayaviroj | Chairman of the Audit Committee | 6 | 6 |
| 2. Mr. Peesak Prapaiporn | Member of the Audit Committee | 6 | 6 |
| 3. Mr. Wutipong Vechayanon | Member of the Audit Committee | 5 | 6 |
| 4. Mr. Chairaj Kongsiripanich | Secretary to the Audit Committee | 6 | 6 |

Remark In the year 2019, There were 6 times of the Audit Committee Meeting.

Scope of Duties and Responsibilities of Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.

3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate the Company's independent auditors and set their fee giving consideration to reliability and adequacy of resources, and amount of audit work by such independent auditors, including experiences of personnel assigned to audit the Company's accounts as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual statements (Form 56-1) and the annual report (Form 56-2), an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - (b) an opinion on the adequacy, of the Company's internal control system;
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business;
 - (d) an opinion on the suitability of a auditor;
 - (e) an opinion on the transactions that may lead to conflicts of interests;
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter;
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.
8. To report its performance of the audit committee to the Board of Directors at least once a quarter.
9. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially effect the Company's financial condition and operating results, the audit committee shall report it to the Board of Directors for rectification within the period of time that the audit committee thinks fit:
 - a. a transaction which causes a conflict of interest;
 - b. any fraud, irregularity, or material defect in an internal control system ; or
 - c. an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Board of Directors or its management does not rectify within the determined period, any member of the audit committee may report the transaction or any of the above-mentioned acts to the Securities Exchange Commission or the Stock Exchange of Thailand.

10. In order to let the audit committee act its duties through its objectives, the audit committee shall have the following powers:

(a) The power relating to the management;

The audit committee shall have its power to invite the management, chief of the unit or concerned employees for any meetings, declaration, giving an opinion or delivery the related and necessary documents.

(b) The power relating to the internal auditor;

- 1) to co-ordinate and set the good understandings between the external auditors, the Board of Directors and the internal audit unit.
- 2) to give an opinion to appoint, transfer, dismiss and propose the remuneration of chief of the internal audit unit.
- 3) to guarantee the independence of the internal auditor.
- 4) to determine the acts of internal audit unit under the governance and direct control of the audit committee.

(c) The power relating to the external auditor;

- 1) to review and appraise the performance of the external auditor.
- 2) to recommend the names of the external auditors as well as the annually auditing remuneration for the annual general shareholders' meeting's consideration.
- 3) to determine other service fees and advisory fees of the external auditors.
- 4) whenever receiving the facts from the external auditors regarding doubtful behavior of Managing Director or concerned persons in doing faults, the audit committee shall report the initial investigation to the Securities Exchange Commission and the external auditors within 30 (thirty) days since the information date.

If the audit committee does not perform as the external auditors indicate, the external auditors shall inform to the Securities Exchange Commission.

(d) Powers in other area;

The audit committee has the power to investigate concerned persons in the scope of its duties and responsibilities as well as to employ independent professional advisors when necessary.

Remuneration of the Board of Directors in the year 2019

According the AGM 2019 held on 26th April 2019, The shareholder's had approve the remuneration of the Non-Executive Directors and the remuneration of the Audit Committee as follows:

| <u>Remuneration</u> | <u>Remuneration Rate</u> |
|-------------------------------|--------------------------|
| - Non-Executive Director | 20,000 Baht/person/month |
| - Chairman of Audit Committee | 20,000 Baht/month |
| - Member of Audit Committee | 10,000 Baht/person/month |

Remuneration of the Board of Directors and Audit Committee in the year 2019

| Name | Position | Remuneration (Baht) | | |
|----------------------------------|--|---------------------|-----------------|-----------|
| | | Directors | Audit Committee | Total |
| 1. Mrs. Siriphorn Mangkornkarn | Chairman | - | - | - |
| 2. Mr. Kong Mangkornkarn | Executive Director | - | - | - |
| 3. Miss Piyatida Mangkornkan | Executive Director | - | - | - |
| 4. Mr. Kritasorn Mangkornkarn | Executive Director | - | - | - |
| 5. Mr. Thawat Treewanakul | Director | 240,000 | - | 240,000 |
| 6. Mr. Chaiyanandh Lapitananuvut | Director | 240,000 | - | 240,000 |
| 7. Mr. Vorathep Vithayaviroj | Independent Director and Chairman of the Audit Committee | 240,000 | 240,000 | 480,000 |
| 8. Mr. Peesak Prapaiporn | Independent Director and Member of the Audit Committee | 240,000 | 120,000 | 360,000 |
| 9. Mr. Wutipong Vechayanon | Independent Director and Member of the Audit Committee | 240,000 | 120,000 | 360,000 |
| Total | | 1,200,000 | 480,000 | 1,680,000 |

Top Management

The management as of 31st December 2019 as follows:

| Names | Position | Number of Shares Hold On 31 st December 2019 | |
|---------------------------------|----------------------------------|---|---------|
| | | Number | Percent |
| 1. Mrs. Siriphorn Mangkornkarn | Managing Director | 8,635,045 | 2.70 |
| 2. Mr. Kong Mangkornkarn | Executive Director | 12,134,890 | 3.80 |
| 3. Miss. Piyatida Mangkornkan | Executive Director | 12,271,440 | 3.84 |
| 4. Mr. Kritasorn Mangkornkarn | Executive Director | 13,469,951 | 4.22 |
| 5. Mr. Viroat Anantachotkakul | Assistant Managing Director | - | - |
| 6. Mr. Pranot Kotchabhakdi | Sales & Marketing Group Director | - | - |
| 7. Mr. Suriya Ruangsamret | QA Group Director | - | - |
| 8. Miss. Kanjana Boonyuenvitaya | R&D Group Director | - | - |
| 9. Mr. Hemsuwan Padcha | Factory Group Director | - | - |
| 10. Miss Apiradee Tangsatit | Finance & Accounting Manager | 151,525 | 0.05 |

Remark 1. In the year 2019, the number of share hold by the top management in the Company has not changed during the year.

2. The management no. 10 had passed away on 4th July 2019.

Remuneration of the Management in the year 2019

- Total remuneration for the Management consists of 10 executive directors and management total of 25.27 million baht.
- Forms of remuneration: Salary and Bonus
- Other form of remuneration: Insurance, Health Insurance, Contribution to provident fund and Social security fund and Employee Benefits.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Nature of Business

The Structure of Income

The sources of income are contributed from the 2 main products of:

1. Synthetic leather and film/sheet for automotive industry with specific items for Automotive Interior Trim ie. upholstery, door panel, ceiling, flooring. These products are also applied in the industry of sports shoes, sport items eg. various sports balls. Additionally, they cover the industry of furniture, fashionable leather for bags, shoes and belts.
2. Flexible film/sheet is designed and used in civil engineering as geo-membrane lining for ponds of water treatment, minerals deposit. The engineering sheets are also used in the dams construction for hydro electricity generation or irrigation reservoir. In the agricultural field, they are used in the ponds for prawn and fish farm. Other household items are included as table cover sheets, shower curtain, rain coat, umbrella, tent. Other items are for packaging, office stationery ie. diary cover etc.

In the year 2019, the Company's total sales revenue from all items of product amounted of 867.24 million baht represented decrease of 236.69 million baht or 21.44 percent from the previous year. The total revenue was from domestic sales of 750.48 million baht and export sales of 116.77 million baht or in percentage of 87 : 13 as follows:

| Products | 2019 | | 2018 | | Variance +/- | |
|--|--------------|--------|--------------|--------|--------------|---------|
| | Baht Million | % | Baht Million | % | Baht Million | % |
| Domestic Sales: | | | | | | |
| 1. Synthetic leather and film/sheet For sports shoes and other industries | 543.47 | 62.67 | 605.11 | 54.81 | (61.64) | (10.19) |
| 2. Flexible film/sheet automotive/ | 182.78 | 21.08 | 197.52 | 17.89 | (14.74) | (7.46) |
| 3. Other | 24.23 | 2.79 | 69.68 | 6.31 | (45.45) | (65.23) |
| Sub-total (A) | 750.48 | 86.54 | 872.31 | 79.02 | (121.83) | (13.97) |
| Export Sales: | | | | | | |
| 1. Synthetic leather and film/sheet For sports shoes and other industries | 74.01 | 8.53 | 215.12 | 19.49 | (141.11) | (65.60) |
| 2. Flexible film/sheet automotive/ | 14.12 | 1.63 | 9.49 | 0.86 | 4.63 | 48.79 |
| 3. Other | 28.63 | 3.30 | 7.01 | 0.64 | 21.63 | 308.42 |
| Sub-total (B) | 116.77 | 13.46 | 231.62 | 20.98 | (114.86) | (49.59) |
| Total Sales Revenue (A) + (B) | 867.24 | 100.00 | 1,103.93 | 100.00 | (236.69) | (21.44) |

The Changes in the Previous Year

In 2019, the Company continued doing research and developing artificial leather products to create new products to raise the quality of a company's products to have high-quality international standards and be superior to the competitors until it has been accepted among automotive industry customers around the world to increase competitiveness and expand new customer base with the development of environmentally friendly products according to the current social trends with a focus on environmental conservation. The Company produces artificial leather made from PU plastic (Polyurethane) which can be used as artificial leather for upholstery in a car, sport equipment, furniture and fashion leather. We have also developed surface coating water based solution instead of surface coating solvent based solution, causing bad odor out of artificial leather that we are focusing on artificial leather production for the automotive industry in their recognized quality of major automotive industry customers of both Japanese and USA carmakers.

The Marketing and Competition in the year 2019

In 2019, Thai automotive industry market produced 2.01 million vehicles where it has decreased by 0.15 million vehicles or 7.1 percent compared with the previous year with total production of 2.17 million vehicles but exceeding production of 2 million units target while total car sales of 2.06 million vehicles, dividing into 1.007 million domestic sales, decreased by 3.3 percent from the previous year, but domestic sales exceeded the target of 1 million units and export sales of 1.054 million units, where it has decreased by 7.59 percent from the previous year, but export sales exceeded the target of 1 million units as well. The Company still has the main source of income from artificial leather for car interior decoration in the 1 ton pickup truck class. In 2019, Thailand's automotive industry has slowed down due to strict controls about domestic factors of car hire purchase loans, floods in many areas and the political delays in forming a government causing delays of budget disbursements, including being affected by the outbreak occurred at the end of the year causing foreign tourists to slow down in the last quarter of the year 2019, together with the production of exports decreases in almost all markets due to the economic conditions of trading partner countries have decelerated in line with the global economy and a reduction of trade activities from the trade war between the USA and China. For this reason, the Company therefore has a policy of reducing production costs, increasing the efficiency of inventory and production management in accordance with economic slowdown to increase price and quality competitiveness both in the domestic and foreign markets.

The Company is also one of the manufacturers of automotive interior parts for domestic and foreign car parts manufacturers. In 2019, the Company has gained artificial leather product sales to the automotive industry amounted of 628.08 million baht, where it has decreased by 25.85 percent from the previous year. Artificial leather products used in car for seats are still the main product in the car group, representing 66 percent of total sales and the total sales volume is 2.53 million meters, where decreased by 0.89 million meters from the previous year. The decrease in sales was caused by the transfer of production back to a subsidiary in South Africa which began production completely since the beginning of 2019, coupled with economic slowdown causing many automobile manufacturers to slow down domestic car production causing product total sales to slow down in the 3rd and 4th quarters of the year 2019.

A Summary of the Condition of the Automotive Industry in the year 2019

In 2019, Thailand automotive industry has slowed down due to it was affected by many factors. The domestic market is slowing down caused by natural disasters and political uncertainty causing purchasing power in the country to slow down, combined with the negative effects of foreign countries from the effects of trade war between the USA and China, causing international trade to slow down. The appreciation of the Thai baht has caused the product exports to decrease. Because of these factors, Thailand's auto part manufacturers have reduced their production costs by reducing the stock of raw materials used in production. The Company began to improve production processes to be more efficient and effective with Automation Systems, including, increase the internal resource management to be more efficient, reduce the losses in each production step to adapt to Thailand's economic slowdown.

The Trend of the Automotive Industry in the year 2020

The trend of the automotive industry of Thailand in 2020, this has expected to slow down, according to the Federation of Thai Industries has set the production target of 2 million vehicles, down 0.68 percent from 2019, divided into production for domestic sale amounted to 1 million units, representing 50 percent of production volume and 1 million units for exports, representing 50 percent of production volume and these factors affecting components manufacturers in Thai automotive industry, including the trade war between the USA and China, an outbreak of Coronavirus disease 2019 or COVID-19 and the Thai baht that is getting stronger than neighboring currencies in the region. There are also domestic factors such as tourism slowdown due to the spread of the virus, strict controls about domestic factors of car hire purchase loans, the opening of new car has slowed down affected by the economic slowdown in the country and purchasing power in the country decreases that have been plagued by drought causing agricultural productivity to decrease and leading to low price of agricultural products.

Due to the above factors, the Company need to adapt by developing product quality to meet customers' needs who tend to use environmentally friendly products. The Company must change investments to focus product development to meet customers' needs by starting to develop artificial leather in the Non-PVC Product group and improve production process to be automated with the help of modern technology to improve production process to reduce production costs and expenses.

Risk Factors

In 2019, The factors of risk that could affect the Company's business operation and subsidiaries from both internal and external factors can be summarized as follows:

Risk Factors from Internal Factors:

The Production

- ❑ Raw material prices. The risk of fluctuating raw material prices especially the PVC paste resin (PVC compound and Paste Resin), the main raw materials used for the production of synthetic leather and plastic sheets, is quite a few. The Company prices products based on what the customer is willing to pay, will reflect price of raw materials and production costs. The Company has guidelines for reviewing product prices based on what the customer is willing to pay when there is a significant change in raw material price levels. Therefore, the risk of fluctuating raw material prices has little impact on business operations of the Company.
- ❑ Production of artificial leather and plastic sheet, basically, there are 2 production processes which are the roll forming process (calendering process) and casting involves pouring liquid metal into a mold (casting process). At present, production technology still has not been significantly changed from these 2 systems. And there are development and improvement of production processes to increase production efficiency of the machine to be up to date and sufficient to support the needs of the market at all times. So there is no risk of such technological change.

The Marketing

- ❑ Price competition. There is not much competition due to most company's products are in the automotive industry under product qualification requirements specified that must be manufactured to meet customer standards. In addition, there are few qualified competitors who produce artificial leather products that are accepted by customers, while, in general, product market such as shoes, packaging, stationery, printing which has characteristics of the commodities products have competition that keep prices high. So the Company does not give importance of competition in pricing but will focus on quality, service and reasonable sales prices.
- ❑ Replacement products. There are quite a few risks at this area especially on the part of artificial leather which is the Company's main product can be divided into 2 types: genuine leather products and fabric products. In each category has distinct physical properties and product prices allowing automotive manufacturers to classify products to meet target customer needs by using different interior products (genuine leather, artificial leather or fabric products) to determine.
- ❑ Reliance on Income. The Company has main income from products in the automotive industry group, over 70 percent of sales revenue coming from these markets, which, on the one hand, it could be considered to be a relatively high risk dependence on the sole market. However, when considering the stability of income streams, the automotive industry market is considered one of the main industries in Thailand. There are production bases for many brands of cars through Europe, Japan and China, as well as the public and private sectors, having collaborated to set clear goals and development plans in order to become the automotive production base at this region. Therefore it can be considered as strength of the Company's business operations which have had business transactions with leading industrial groups steadily and continuously.

The Financial

- ❑ The financial liquidity in 2019 over the previous year, the Company's sales revenue reduced according to the economic and industry slowdown. In addition, there is increasing investment in improvement of existing machinery and production processes to support new markets causing the Company's liquidity relatively tight at a certain time. However, the Company has the policy to manage cash and cash equivalents sufficiently for operations as well as receive support for a revolving credit facility from financial institutions as reserve if necessary and to reduce the effect of fluctuations on cash flows that may occur. It is risk control caused by the lack of liquidity in the financial.
- ❑ Systemic commercial risks are relatively low since most customers are in the automotive industry group, a large company with reputation and financial stability status which the Company have had a long business contact. Therefore there is no risk in this area except in the case of new customers which the Company has a criteria and procedures for considering credit facilities on a case-by-case basis.
- ❑ Financing costs. The Company's financing costs come from loans from financial institutions such as short-term loans, bank overdraft, facility for trading business and long-term loans with interest rates in accordance with the financial market trends that the management believes that the chance of interest rate fluctuations are not very significant and will not affect results of operations and cash flows of the business. In addition, currently, the Company did not use any derivative financial instruments.
- ❑ Exchange rate. Due to the Company makes a trade transaction which is foreign currency that may be the risk caused by exchange rate fluctuation. However, in order to reduce the said risk, the Company will take measures to consider in entering into a forward foreign exchange contract as appropriate in each case to prevent and reduce the effects of such foreign exchange risk.

The Foreign Investment

The Company has invested in South Africa, having TNV Plastics (Proprietary) Limited as a subsidiary that operates manufacturing business, distributing business, importing and exporting artificial leather products for the automotive and general industry business to increase business opportunities and expand the market in that region as well. However, investment in that region still has the risks of conducting trade and financial transactions and ZAR is the exchange rate used in South Africa itself. The Company is aware of the risks by considering the use of various tools and measures as necessary and still able to manage risk to an acceptable level.

The Human Resources Management

The human resource management risks. The main factor is caused by the lack of successors in the workplace, especially in the main work area, namely production and marketing which the Company is well aware of the risks in this area by recruiting, human resource development training, including the transfer of knowledge, competencies and the experience of current executives to be able to replace important positions. However, in order to reduce risk factors in this area, the Company is therefore necessary to use method of renewing retired employees first while also accelerating personnel development within the organization and external recruitment in order to inherit their positions.

Risk Factors from External Factors:**The Economic**

The economic growth slowdown in 2019 over the previous year was considered an important factor affecting the Company's business operations inevitably. Therefore, guidelines for reducing effects of the above factors, the Company has reduced unnecessary expenses, there is effective production management in order to reduce production costs, especially the cost of electricity and energy, giving importance to supervision and managing suitable financial liquidity that will be proceeded continuously until 2020. Because it is expected that the economic growth slowdown will continue. The problems of the lacks of purchasing power of the people and a slowdown in private investment, the drought and agricultural product prices that were pushed down, including new impact factor for Coronavirus outbreak or Covid-19, where the virus first began to spread in late 2019 and continued in 2020, which is having impact on the global economy causing all sectors of business operations to be affected.

The Society and Environment

The Company has always given importance to society and the environment since it is an important factor that can reputation and image of a company. To pay attention to control production process to get standards or better specified by the provisions of law and regulations in order to not have an impact on the environment as well as strengthening relationships, supporting and assisting activities that are beneficial to society and communities, both public health and education. In addition, the Company has given importance of the use of products and services that are more environmentally friendly, including the use of materials that do not contain toxic substances or the use of recyclable materials, etc. in accordance with customer requirements and resulting in a risk factor as mentioned above that not much affecting company.

The Industry

Change in industry conditions especially the slowdown in the automotive industry group will have a direct impact on the Company's operations as more than 70 percent of sales revenue comes from the said industry group. However, A slowdown in automotive industry is a direct result of economic slowdown at most, also affected by all sectors. Therefore, what can be done about these risk factors is to minimize the impact from adjusting to keep up with current events, the tracking of news and changes in such industrial conditions, and management to reduce unnecessary expenses, improving production efficiency to reduce production costs, including distributing more products to other industries.

General Information and Other Information

| | |
|--|--|
| Listed Company | Thai Nam Plastic Public Company Limited Registered No. 0107537000769 |
| Registered Capital | Amount of 372,768,490 baht divided into the ordinary share amount of 372,768,490 shares at par value of 1 baht per share |
| Paid-Up Registered Capital | Amount of 319,516,823 baht divided into the ordinary share amount of 319,516,823 shares at par value of 1 baht per share |
| Warrants to Purchase | Warrants to Purchase the Ordinary Shares No.1 (TNPC-W1) |
| Number of Warrants | Number of Warrants 53,252,049 Unit |
| Date of Establishment | 22 nd May 1970 |
| Office and Factories | 40 Moo 7, Petchakasem Road, K.M. 23, Omnoi, Amphur Kratumban, Samutsakorn Province 74130 Tel : (66 2) 119 3200, 420 9968-74 Fax : (66 2) 119 3233, 420 1827, 420 9967 Website : www.thainam.com e-mail : sales@thainam.com |
| 2 nd Factory | 89/1-2 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10 |
| Main Business | Manufacture and distribute the following semi-finished products : 1. Synthetic leather and film/sheet for the industries of automotive, sports shoes, furniture and fashionable leather 2. Flexible film/sheet for the application in household, civil engineering and agricultural functions |
| Production Capacity | In the year 2019, actual production capacity was 4,900 metric tons representing to 30.25 percent of its attainable capacity which was stood at 16,200 metric tons per year |
| Number of Employees | 529 persons at the end of December 2019 |
| Securities Registrar of TNPC and TNPC-W1 | Thailand Securities Depository Company Limited 14 th Floor, The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 |
| Auditors | Mr. Thanawut Piboonsawat Certified Public Accountant No. 6699 and/or Miss Techinee Pornpenpob Certified Public Accountant No. 10769 and/or Miss Sulalit Ardsawang Certified Public Accountant No. 7517 and/or Miss Wannisa Ngambuathong Certified Public Accountant No. 6838 Dharmniti Auditing Co.,Ltd. 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Tel : (66 2) 587 8080 Fax : (66 2) 586 0301 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Juristic Persons of which the Company Holds Securities over 10 Percent

■ Taweewattana Logistics Company Limited

| | |
|--------------------------------------|---|
| Date of Establishment | 6 th November 2007 |
| Office | 40 Moo 7, Petchakasem Road, Omnoi, Amphur Kratumban, Samutsakorn Province 74130 |
| Paid-up Registered Capital | Amount of 3,000,000 baht at par value of 10 baht per share |
| Number of Shares hold by the Company | Amount of 299,970 shares representing of 99.99 percent |
| Main Business | Investment and sale of PVC Product |

■ Thai Nam Automotive Performance Company Limited

| | |
|--------------------------------------|---|
| Date of Establishment | 24 th January 2002 |
| Office | 40 Moo 7, Petchakasem Road, Omnoi, Amphur Kratumban, Samutsakorn Province 74130 Tel : (66 2) 119 3200, 420 9968-74 Fax : (66 2) 119 3233, 420 1827, 420 9967 |
| Factory | 89/1 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10 |
| Paid-up Registered Capital | Amount of 10,000,000 baht at par value of 10 baht per share |
| Number of Shares hold by the Company | Amount of 999,995 shares representing of 99.99 percent |
| Main Business | Manufacture and distribute PVC/PP Foam Sheet and TPO (Thermo Plastic Olefin) which are used in the Automotive industry ex. door trim and sale of PVC Product. Additionally, the Company also operate cutting sheet and Laminate Foam for Thai Nam Plastic Public Company Limited's group. |

■ TNV Plastics (Proprietary) Limited

| | |
|--------------------------------------|---|
| Date of Establishment | 24 th November 2010 |
| Factory | No. 40 Olive Way, Olive Grove Industrial Park, Ou Paardevlei Road, Somerset West, 7130 South Africa |
| Paid-up Registered Capital | Amount of 1,000,000 Rand equal of 4.28 million baht at par value of 1 Rand per share or 4.28 baht per share |
| Number of Shares hold by the Company | Amount of 1,000,000 shares representing of 100 percent |
| Main Business | Manufacture and distribute Polyvinyl chloride (PVC) products |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

■ T.N.P. Industry Company Limited

| | |
|--------------------------------------|--|
| Date of Establishment | 3 rd November 1983 |
| Factory | 87/9 Moo 4, Bangpla Road, K.M. 3, Bankoh, Amphur Muang, Samutsakorn Province 74000 Tel : (66 34) 468 102-8, 830 325-8, 830 712, 830 715-9 Fax : (66 34) 468 101, 468 109-10 |
| Paid-up Registered Capital | Amount of 214,196,650 baht at par value of 10 baht per share |
| Number of Shares hold by the Company | Amount of 21,269,665 shares representing of 99.30 percent of which were totally sold to Taweewattana Logistics Company Limited in November 2007. |
| Main Business | Manufacture and distribute transparent & opaque semi-rigid PVC sheet using for packaging, file stationery, christmas tree, credit card etc. |

Reference Persons

Securities Registrar of TNPC and TNPC-W1

Thailand Securities Depository Co., Ltd.

14th Floor, Stock Exchange of Thailand

93 Rachadapisek Road, Dindaeng,

Dindaeng, Bangkok 10400

Tel : (66 2) 009 9000

Fax : (66 2) 009 9992

Auditor

Miss Techinee Pornpenpob

Certified Public Account No. 10769

Dharmniti Auditing Co.,Ltd.

267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800

Tel : (66 2) 587 8080

Fax : (66 2) 586 0301

Lawyer

Mr. Teerasak Ch.Rojprasert

Chom Thong 47 Lawyer and Accounting Office

43/55 Soi Wutakard 47 Railway side Road,

Bangkaw, Khet Chom Thong, Bangkok

Tel : (66 2) 875 6026-7

Fax : (66 2) 875 6028

Company Secretary

Miss Somsuan Khondon

Thai Nam Plastic Public Company Limited

40 Moo 7, Petchakasem Road, K.M. 23, Omnoi,

Amphur Kratumban, Samutsakorn Province 74130

Tel : (66 2) 119 3235, 119 3200 # 185

Fax : (66 2) 119 3233, 420 1827, 420 5055

Securities and Shareholders Structure

Registered Capital

The Company has registered capital and paid-up capital as of 31st December 2019 as follows:

- ❑ Registered capital of 372,768,490 baht divided into the ordinary share amount of 372,768,490 shares at par value of 1 baht per share.
- ❑ Paid- up registered capital of 319,516,823 baht divided into the ordinary share amount of 319,516,823 shares at par value of 1 baht per share

Major Shareholders

The major shareholders influence the Company's policy management or operation significantly as of 31st December 2019 as follows:

| Names | Number of Shares hold | Percent |
|--|-----------------------|---------|
| 1. Group "Mrs. Siriphorn Mangkornkarn" (2) | 46,511,326 | 14.56 |
| 2. Bangkok Bank Public Company Limited | 31,351,994 | 9.81 |
| 3. Mr. Somsakul Asawacharoenhavan | 28,688,800 | 8.89 |
| 4. Mrs. Siriwan Sriphahol | 15,590,229 | 4.88 |
| 5. Mr. Paisan Sumrangitdumrong | 15,345,445 | 4.80 |
| 6. Mr. Makorn Suwanarpa | 14,890,138 | 4.66 |
| 7. Miss Umaphorn Sawangwan | 14,673,343 | 4.59 |
| 8. Miss Noi Saetang | 14,540,767 | 4.55 |
| 9. Krung Thai Bank Public Company Limited | 12,115,088 | 3.79 |
| 10. Taniya Real Estate Co., Ltd. | 7,500,000 | 2.35 |
| Sub-total | 201,207,130 | 62.97 |
| Other | 118,309,693 | 37.03 |
| Grand Total | 319,516,441 | 100.00 |

Remark (1) Source: Thailand Securities Depository Co.,Ltd. (TSD)

(2) Group "Mrs. Siriphorn Mangkornkarn" including : Mr. Kong Mangkornkarn, Mr. Kritasorn Mangkornkan and Miss Piyatida Mangkornkan

Other Securities Issuance

On 9th June 2016, the Company has issued the warrants to purchase the ordinary shares of the Company No. 1 (TNPC-W1) to the existing shareholders total of 53,252,049 units. The Company were approved by Annual General Meeting of Shareholders to allocate capital increase ordinary shares not more than 53,252,740 shares to the exercise of the Warrants, the Warrants is valid for 3 years from the date of issuance of the warrants. Right is determined to be acted on the last business day of every month in May and November of each year. The first exercise date will be on 31st May 2017 and the last exercise date will be on 9th June 2019. The Warrants holder can exercise their right to purchase ordinary share of the company under condition of warrant at the ratio of 1 unit of warrant to buy 1 ordinary share at the exercise price of 2.25 baht per share.

In 2019, the Company had paid the dividend to shareholders at the rate of 0.04 baht per share, representing more than 50 percent of the net profit after income tax of the separated financial statements. Which is an excess dividend payment according to the terms and conditions of warrants to purchase the Company's ordinary shares No. 1 (TNPC-W1). Therefore, the final exercise on 7th June 2019, the Company adjusted the exercise price and exercise ratio of TNPC-W1 warrants, at the ratio of 1 unit of warrant to buy 1.03 ordinary shares at the exercise price of 2.19 baht per share. The Holders of Warrants exercise the right of 373 units which can be converted into 382 ordinary shares. The Company has warrants which has not been exercised amounted to 53,251,676 units and has been ended from being listed on the Stock Exchange of Thailand since 8th June 2019 onwards.

Dividend Payment Policy

According to the dividend pay-out policy of the Company, the annual dividend pay-out shall not exceed 50 percent of the net profit after corporate income tax. This policy may be revised depended on company operation, financial situation and future investment projects. When the Board of Directors has its resolution to pay the dividend, the resolution shall be put as an agenda and shall be approved by the shareholder's meeting.

The subsidiary company does not fix dividend payment policy to shareholders. It will consider year by year according to its yearly net profit after corporate income tax.

The Company's dividend payment ratio for the past 5 year are as follows:

| <u>Year</u> | <u>Dividend per share (Baht)</u> | <u>Total Amount (Baht Million)</u> |
|-------------|----------------------------------|------------------------------------|
| 2019 | 0.04 | 12.78 |
| 2018 | 0.03 | 9.57 |
| 2017 | 0.03 | 9.57 |
| 2016 | 0.03 | 9.57 |
| 2015 | 0.07 | 23.57 |

Remark In the year 2015, The Company has to change in the par value from 5 baht per share to 1 baht per share

Corporate Governance

The Board of Directors realises the importance of corporate governance in order to ensure that the Company has good and sound management which consists of efficiency, transparency and traceability. This is also to ensure that the shareholders, investors and stakeholders are treated fairly and equally according to the guidelines for corporate governance (CG) of Stock Exchange of Thailand. The Company has followed this guideline strictly and continuously.

From this commitment in applying guidelines for corporate governance continuously in the business management and operation of the Company, in the year 2019 the Company was assessed on the quality of organizing the general shareholder meeting according to the AGM checklist. The Company was rated Very Good by Securities and Exchange Commission together with the Thai Investors Association and Listed Companies Association.

Rights of Shareholders and Treatment of Shareholders

The Company realises the importance of the right of shareholders as the owner of the Company. It follows all the regulations and basic rights of the shareholder strictly as prescribed. The Company follows strictly the AGM checklist which stipulate how the general shareholder meeting should be organized e.g. right of the shareholders, right to give opinion and make important decisions together with the Company and easy access to the location of the meeting for instance. The AGM checklist guidelines is prepared by Securities and Exchange Commission (SEC) together with Thai Investor Association and Thai Listed Companies Association.

Additionally, the Company also disclosure important information on the Company website at www.thainam.com in Thai and in English in order that the shareholders all have access to the Company information and in the year 2019, the Board of Directors has set out the guidelines to promote the right of shareholders as follows:

- The Company has assigned Thailand Securities Depository Co., Ltd. Which is the registrar of the Company to circulate appointment for shareholder meeting with all the agenda, information and attachments 14 days prior the meeting day. The same information is also available both in Thai and in English on the Company website 30 days prior the meeting days in order to facilitate the shareholders for accessing the information.
- The Company will give chances for the minority shareholders to propose new agenda in the general shareholder meetings in advance and to nominate a suitable person to become director of the Company. The activities can be done through Stock Exchange of Thailand and through the Company website.
- In the announcement or invitation for the shareholder meeting, it must contain the following information e.g. agenda of the meeting, nomination of company directors, directors' compensation, appointment of the accounting auditor and remuneration and dividend payment where the Company shall give the appropriate reasons and facts to facilitate decision making of the shareholders.
- The Company shall follow the AGM checklist when organizing the general shareholder meeting. The Company shall announce the regulations and procedure for meeting including how to vote and procedure for proxy. The relevant documents and required form for proxy must be sent to shareholders along with the appointment for meeting prior the meeting

- The Company shall nominate at least one independent director to be a choice for shareholders for proxy.
- The Board of Directors shall allow any shareholder to exercise his right to nominate each company director individually as appeared in the proxy form sent to the shareholders.
- During the shareholder meeting, the Chairman of the Board shall introduce independent director(s) and directors including audit committee and accounting auditors. The Company executives shall be invited to join the meeting in case there is questions arised from the shareholders. The Chairman of the Board shall give shareholders chance to ask their question equally. All the questions and comments shall be recorded in the meeting report.
- The Company shall not have any policy to deprive the right of shareholders in accessing the Company information and participation in the shareholder meeting. These activities are for instance such as -not distributing additional important documents in the shareholder meeting abruptly, -not adding agenda of meeting, -not informing shareholders in advance when there is any change of information, –not depriving right of shareholders when he attends the meeting late.
- Board of Directors has set out preventive measures to prevent directors, executives and employees to use inside information of the Company for their own advantages or relevant persons.
- The Company secretary and his/her team is responsible to prepare shareholder meeting report which is complete both content and format. The report has to be sent to the Stock Exchange of Thailand and to be published in the Company website within 14 days from the date of shareholder meeting.
- The Board of Directors has set out the guidelines for disclosure of information for internal stakeholders e.g. directors, managing director etc. and set out the regulation to prevent these stakeholders to join the decision making process on the relevant agenda.
- In the shareholder meeting, the Company has to distribute the document for voting for the shareholder prior meeting session for voting in important agenda. These agenda are relevant transactions, any transaction related to acquiring or disposing of assets for instance. This is to give transparency and traceability in the meeting in case there is any dispute afterwards.

Roles of Stakeholders

The Company gives importance and fully preserves stakeholders' rights. Because of different expectations by each group of stakeholders e.g. internal which are employees both in the Company and its subsidiary companies and external which are customers, competitors, creditors, governmental bodies and other institutions. The Company has focused on their rights and benefits fairly and paid prudent attention to the satisfaction of stakeholders and ensured that its treatment do not cause others trouble or unfair actions. This will increase stability and for the Company in long run.

- **Shareholders**

The Company is committed to serving as a good representative of the shareholders by conducting transparent business, taking into account long-term growth in its value, providing good returns, and treating all shareholders fairly; The Company listens to shareholders' views and recommendations.

■ Employees

The Company realises the importance of human resources as invaluable resources to drive the Company to the bright future, therefore the Company supports competency development for professional job performance, treats them fairly, provides welfare together with safe and sound workplaces, and compensation compatible with similar businesses. The Company makes sure that all the basic benefits are available for all levels of employees e.g. buses, canteen, uniforms, annual physical check-up etc.

Additionally, the employees may participate in setting the Company objectives together with management so that they realise their own importance and know which direction the Company is aiming to.

■ Customers

The Company satisfies its customers by keeping its promises and delivering quality and punctual services under fair pricing; The Company shares views with their customers to foster maximum mutual interests and does not collude with competitors on prices.

■ Competitors

The Company observes free-market business competition, promotes free trade, observe rules in line with its code of conduct, and observes the law; The Company refrains from inappropriate behavior that could lead to the detriment of competitors.

■ Communities and Environment

The Company takes prudent business conduct most seriously while avoiding causing impacts on communities, society, and the environment through taking efficient measures - apart from strict observance of laws and regulations e.g. Department of Industrial Works, Ministry of Industry, pollution Control Department, Ministry of Natural Resources and Environment.

The Company also supports surrounding communities' activities e.g. giving scholarship for good students but financially handicapped, joining children day activities at the school within the community.

The Company has never been involved in such disputes in the year 2019.

Disclosure on Information and Transparency

The Company give importance to the disclosure of information and company information including financial information and news on the basis of correctness, completeness, consistency, and transparency of information. This is according to regulations set by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Anybody can access to the information easily and equally. Details are as follows:

- The Company information is disclosed in (56-1 form) and annual report (56-2 form) according to the regulation from by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- The Board of Directors is responsible for the validity and correctness of the financial statement and financial reports of the Company which is prepared according to the generally accepted accounting standard. The accounting policy is selected suitably to the business of the Company with consistency and due diligence. The financial statements must disclose sufficient important information in the annexes to the financial statements. The financial statements have to be certified by accounting auditor where the audit committee is responsible for the quality of the financial statements.
- The Company has to disclose any important information both in Thai and in English on the Company web site. The information has to be updated periodically.
- The Company has assigned the following persons to be responsible for communication with shareholders, investors including analysts and other concerning government institutions:

Miss Somsuan Khondon

Secretary Company

Tel : (66 2) 119 3235, 119 3200 #185

Fax : (66 2) 119 3233, 420 1827

E-mail : somsuank@thainam.com, somsuank@hotmail.com

Responsibilities of the Board of Directors

□ Structure of the Board of Director

- The Board of Directors consists of 9 persons. There are 4 directors who are executives and there are 2 directors who are not executives. Additionally, there are 3 independent directors and 3 appointed independent directors to be audit committee. The names are listed on page 6-9 of this annual report.
- The selection process for the directors of the Company does not go through the selection committee because the selection committee has not been set up. However, the Board of Directors gives opportunity for any minority shareholder to nominate any suitable person according to become director as prescribed by regulations and guidelines from the Stock Exchange of Thailand. This information shall be informed to the shareholders through the information channel of the Stock Exchange of Thailand and on the Company web site.
- Each member of the Board of Directors is qualified and eligible to become the Company director as required by the Company, the Stock Exchange of Thailand and the law. The Board of Directors consists of group of people who have good education background, experience and abilities where they come from different backgrounds and occupations. This multi-disciplinary team of director is beneficial to the business of the Company.
- There are 3 independent directors in the Company or one-third of the total number of directors in the board as the set out by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
- The definition of independent director(s) as defined by the Company has met the minimum requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in term of the number of shares hold by the independent director within the company. An Independent director shall not have more than 5 per cent of the number of shares that can be voted.

- Any high-ranking executive who is going to be elected to be a director in the subsidiary company has to be approved from the Board of Director.
- This position provides advice on laws and regulations that the Board needs to be aware of, supervises Board activities, coordinates compliance with Board resolutions, and performs other responsibilities under the principles defined by securities and exchange laws. Additionally, the company secretary is a full-time employee.

□ **The Sub-Committee**

- The Company Board of Directors has appointed a sub-committee to work on examination and scrutiny in some assignments as necessary in certain situation. Currently, there is only Audit Committee who is all independent directors.

□ **Roles of the Board of Directors**

- The Board endorses and approves significant matters dealing with Company business, including vision, missions, strategy, financial goals and budget as well as the corporate governance apart from efficiently and effectively supervising the management's operation against plans.
- The Board also ensures sound internal control system, internal audit system including efficient risk management and always follows up in the Board's meeting.

□ **Corporate Governance Policy and Business Ethics**

- The Company performs its duty following the defined business ethics in order to communicate every employee to understand its standard performance of the Company as expected by its shareholders. The Board declares the business ethics among the shareholders, clients, employees, suppliers, competitors, society and the environment including the declaration of ethics to its employees so that the employees should follow and practice among themselves, the related persons, the organization and its society.

□ **Items that may have conflict of interest**

- The Board, the management and its shareholders have considered and thoroughly organized system to get rid of the conflict of interest with trust and independency in the frame of good ethics as well as to completely disclose the information.

□ **Internal Control and Risk Management**

- The Company has established, revise and develop the internal control system continuously. This includes financial control and monitoring process including the assessment of internal control system.
- The board gives the importance on risk management. Each executive from each departmental function has to assess risk of each function and scope of work in order to make sure that all the risk assessments are all well covered. The organization has preventive measures and mechanism to handle risks.

❑ Board Meeting

- Each director may express their view and opinion independently. When the number of votes are equal, chairman of the board may exercise his right to vote arbitrarily.
- Chairman of the board will consider the agenda for the board meeting and each board member may add new agenda to the board meeting.
- The Company secretary will make an appointment for the board meeting where the agenda and meeting paper is enclosed 7 days prior the meeting date so that the directors have enough time to study.
- The board meeting reports which are approved by the board meeting are kept by the Company secretary and are readily investigated by any board member. The reports cannot be modified without the approval from the board meeting.
- In the year 2019, the Company scheduled the board meeting of 9 times. The number of meetings held in advance of the date time and place each year to each director can arrange their schedules to attend simultaneously.

❑ Directors' Remuneration

- Directors' remuneration is defined clear and transparent at the suitable rate with the resolution of the Annual Ordinary Shareholders' Meeting. Directors who are assigned as audit committee members also has additional remuneration at proportional rate.
- In the year 2019, the Company paid director's remuneration as declared in the 56-1 form and the Company annual report (56-2 form).
- The Company has no remuneration committee. So, the performance assessment of Chief Executive Officer (CEO) or Managing Director each year is depended on the Board of Directors' duty to make the decision under the condition that CEO or Managing Director is not present in the meeting.

❑ Training and Development for Directors and Executives

- The Company has policy to promote and support the Directors to develop knowledge by attending the Directors training course at the Thailand Institute of Directors (IOD) and other training courses to increase awareness of their roles and to give knowledge about the business of the Company.
- Additionally, the Company also promote its executives and related person to develop their knowledge such as the Company secretary, the internal audit officer etc by always supporting them to attain the related courses in order to increase their knowledge and other new technology.

❑ Succession Plan

- The company has planned for the succession of work by appointing the personnel who have knowledge, competency and experience to take a position of the top executive that can succeed to the company's management appropriately in the future.

Corporate Governance in Subsidiaries Company

The Company has the same management policy as the company and the same management team.

Supervision of Usage of the Internal Information

The company had the policy not to let committees and executives to use the internal information that had the important content that hadn't reveal for the public for own benefit or other persons including trading of securities of the company by having the supervision by committees and executives in using the internal information of the company to use for own benefit or other persons as follows:

1. The Company had notified to executives to understand roles in reporting of holding of securities in the own company, the spouse and child that hadn't still reach to legal ages including reporting of changing of holding of securities according to Article 59 and the penal code according to Article 275 of The Securities and Exchange Act B.E. 2535.
2. The Company had regulations to prohibit to bring the financial information or other informations that would give effects on security prices of the company to reveal for external persons that hadn't participate if this hadn't practice according to mentioned regulations, This would be held as the breaking of disciplines.

Auditors and Remuneration of Auditors

In the year 2019, auditing fee provided by the Company and its subsidiary companies was as follows:

| Companies | Auditors | Fee (Baht) |
|---|---|------------|
| ☐ Thai Nam Plastic Public Company Limited | Miss Techinee Pornpenpob Dharmniti Auditing Co.,Ltd. | 965,000 |
| ☐ Subsidiary Companies: | | |
| - Taweewattana Logistics Company Limited | Miss Techinee Pornpenpob Dharmniti Auditing Co.,Ltd. | 85,000 |
| - Thai Nam Automotive Performance Company Limited | Miss Techinee Pornpenpob Dharmniti Auditing Co.,Ltd. | 255,000 |
| - TNV Plastics Proprietary Company Limited | Miss Techinee Pornpenpob Dharmniti Auditing Co.,Ltd. | 113,000 |
| - T.N.P. Industry Company Limited | Miss Techinee Pornpenpob Dharmniti Auditing Co.,Ltd. | 310,000 |
| Total | | 1,728,000 |

The Auditor had no relationship or conflict of interest with the company/affiliated companies/executives/major shareholders or any persons related to such persons. Thus, they were independent in auditing and commenting on the company's financial statements.

Other Fee - None -

Corporate Social Responsibilities

The Company will give the importance for the operation of the business with the responsibility for the society and the environment (Corporate Social Responsibility) that will focus on the operation of the activity within the organization and the activity for the society continuously and the Company has realized about the responsibility for the society for all the time that the company has operated. By the Company has brought the good governance to determine the policy of the management of the Company efficiently, transparently and can be investigated. The Company will support the activity that will be the benefit for the society for all the time including supporting to let stakeholders such as, the shareholder, the employee, the customer, the community, the society and the environment to create the development and the growth sustainably as follows:

The Shareholder

The Company has made the corporate governance policy as the written document including the manual of the business ethics and the code of conduct in order to let committees, executives and staffs to join to drive the business to operate according to the fair frame and this will protect the right according to the law of the stakeholder in every group.

The Employee

The Company has the policy to take care of and has performed with employees liked the people in the same family with the practice for the employee in every level equally and fairly including determining the compensation and other welfares suitably in order to develop the life quality of the employee to be better.

The Customer

The Company has aimed to create the highest satisfactory for customers with the manufacturing of products that have the quality and the international standard to match with the requirement of customers and deliver products as scheduled by this will consider about the privilege of consumers as the important issue. The Company will hold in the honest and the fairness both in the quality and the product price.

This has to join to develop the community, the society and the environment

The Company has given the importance with the life quality and the environment of the community with the creation of the good relationship together with the development of the community and the society. This has the activity for the society in the nearby community continuously. In the year of 2019, the Company had supported in the education in order to contribute the life quality for the youth by the company had given the scholarship and there was the setting of Children's Day for students in other schools in Omnoi Sub-District, Kratumbaen District, Samutsakorn and Bankor Sub-District, Meuang District, Samutsakorn. Besides, the company had set the religious activity in order to maintain the religion. The company and staffs had participated to the Kathin ceremony including the religious activity with the temple in the community area regularly and annually.

The Company has realized about the importance for the conservation and keeping the environment continuously. By the Company will consider about the responsibility for the society and the environment as the important thing along with the business operation. The Company has adjusted the production process and has used materials that has no components of toxic substances for the environment in order to get the product that is friendly to the environment that will match with the requirement of customers. Besides, the Company has cultivated staffs to have the participation in taking care of the environment and there is the use of the energy worthwhile until this has created the practical guideline to keep the environment with the project to conserve the energy in order to support and cultivate staffs in using the energy and the resource in the organization economically. This has the efficiency and this will know the value.

Anti-Corruption

The Board of Directors have realized and given the importance for the good governance, the operation of the business with the responsibility. This will have the transparency. This will have the equality and this will have the fairness for the stakeholder. By this has determined to be the important topic in the manual of the business ethics and the practical guideline in working for being the guideline for executives and employees of the Company to hold for practicing. Besides, the Company will have studied and have entered to receive the training for preparing the operation for considering of the showing of the intention to enter to join in the project of the alliance for the practice of the Thai private sector in the resistance for the corruption (Private sector collective action coalition against corruption) further.

Internal Control and the Internal Audit

The Board of Directors have given the importance for the internal control continuously by this has made to review and develop the internal control system for both the financial controlling system, the operation and the supervision of working including the evaluation of the efficiency of the internal controlling system of the company and subsidiary companies in order to have the confidence that the internal controlling system that has determined to have the evaluation of the sufficiency and the suitability of the internal controlling system by this will hold the principle of the good internal controlling of the Company with 5 main components as follows:

1. The control environment

The Company will contribute and support to create the environment to facilitate for the internal controlling system to operate according to the intention for both the setting of the organizational structure, the determination of the duty and the responsibility, the determination of the policy and the regulation as the written document.

2. The risk assessment

The Company has set to have the risk management system, the evaluation of the risk from external factors and the risk from internal factors that is the period for reviewing and adjusting the strategy in the business operation.

3. Control activities

The Company has set to have the activity for the internal control that has the clearness and the suitability for having the confidence of the accounting information, the information technology and the report of the company correctly and completely. This has the determination of the authority for the approval and this has the level of the approval for the suitable transaction by this has the determination of the method to protect and search for the lost of the property. And this has the practice according to the law and related regulations correctly and completely.

4. The information technology system and the communication

The company has given the importance for the information technology system and the communication of the information by this has set to have the information technology system and the system of the communication of the information that has developed the information technology system and has adjusted to keep pace with the situation all the time.

5. The monitoring system of following up an evaluating (Monitoring)

The Company has the following up of the operating result continuously. By this has set to have the process of following up and evaluating the target according to the company has placed in order to have the confidence that the system of the internal controlling has operated continuously and this has adjusted to solve to conform with the changing situation including this has reviewed the report related to the system of the internal controlling from the auditor and the internal auditor periodically.

In the year 2019, the Company had the system of the internal controlling that was enough and suitable for the business operation. This had the practice according to the procedure and the placing regulation. This hadn't found the mistake related to the system of the internal controlling that was the important content.

Head of Internal Audit

The Audit Committee had appointed Mr. Chairaj Kongsiripanich to take the position of the Office of Internal Audit Manager of the Company due to he had the degree in accounting and he was the auditor who had been permitted to have experiences in auditing of accounting for a long time and he had understood the business operation of the Company well. This should be agreed that he had the capacity to operate this mentioned role suitably. He had the efficiency suitably and completely. In order that, The consideration to approve to appoint, demote and remove of the person who was in the position of the Office of Internal Audit Manager of the company. This might have received the resolution from the audit committee.

Head of Internal Audit Biography

| | | |
|---|---|--|
| Name | : | Mr. Chairoj Kongsiripanich |
| Position | : | Office of Internal Audit Manager |
| Age | : | 56 Years old |
| Education | : | <input type="checkbox"/> Bachelor Degree in Accounting, Thammasat University <input type="checkbox"/> Diploma in Auditing, Thammasat University <input type="checkbox"/> MBA, Thammasat University |
| Percent of Shares hold | : | 0.02 percent |
| Family Relationship among Directors and Executive | : | - None - |
| 5 Year Past Working Experiences | : | <input type="checkbox"/> Year 2000 - Present, Secretary to the Audit Committee Thai Nam Plastic Public Company Limited <input type="checkbox"/> Year 1996 - Present, Office of Internal Audit Manager Thai Nam Plastic Public Company Limited |
| Address | : | 40 Moo 7, Petchakasem Road, Omnoi, Kratumban, Samutsakorn 74130 Tel : (66 2) 119 3200 # 142 Fax : (66 2) 119 3228 |

Related Parties Transactions

Details of transactions between the Company and subsidiary companies would be appeared in notes of financial statements, No. 23, The subject of business transactions with persons or related businesses. And the Company had transactions with related companies by mentioned transactions would be normal business operations of the Company by holding of market prices or according to the agreeable contract.

The Audit Committee's Report

The Audit Committee consisted of independent non-executive personnel. They are completely qualified in accordance with the Audit Committee's Charter and also meet all standards as defined by the office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

During the year of 2019 the committee has carried out their duties strictly responsibly as assigned by the Company's Board of Directors.

1. The Audit Committee attended totally 6 meetings.
2. The Audit Committee's members are as follows:

| Name | Attendance of Meeting | Position |
|------------------------------|-----------------------|---------------------------------|
| 1. Mr. Vorathep Vithayaviroj | 6/6 | Chairman of the Audit Committee |
| 2. Mr. Peesak Prapaiporn | 6/6 | Member of the Audit Committee |
| 3. Mr. Wutipong Vechayanon | 5/6 | Member of the Audit Committee |

3. Operations

The Audit Committee has submitted brief mission report to The Company's Board of Directors quarterly and the main contents are described accordingly:

Review of the Company's Financial Statements

The Audit Committee reviewed the quarterly and the annually financial statements of the Company and its consolidated financial statements of the company as well as its subsidiaries with the Auditor and the Management. This included the inquiries and provision of suggestions and comments which were useful for ensuring the process of preparing the Company's and its subsidiaries' financial statements accurately and complete according to the Generally Accepted Accounting Standards with sufficient and timely disclosure of information. As a result the financial reports were accurate and reliable.

Review of the Company's Risk Management

The Company has managed risk systematically which the Audit Committee has verified the risk management plan of the Company in order to ensure that the plan is suitable to the situation and business condition including risk management and control measures in favorable level. The emphasis is focused on financial liquidity of the Company and also increasing stock level including investment in fixed assets. Additionally, the Audit Committee has followed up problem and actions in the business operation of subsidiary company abroad to minimize all the impact to the Company.

Review of the Company's Compliance with Securities and Exchange Commission Act, The Stock Exchange of Thailand's requirements, and Applicable Laws.

The Audit Committee reviewed the compliance of securities and exchanges Act, the relevant regulations and laws including the observations of the working procedures to comply with the good governance principles consisting of overseeing the operations and the employee's ethic and code of conducts. The Company properly and consistently carried out their work.

Review of the Company's Business Relations

The Audit Committee reviewed the business transactions of the company and the related parties including all transactions which might cause conflict of interests during the year. This was to ensure that they were conducted according to their normal business. They were reasonable and without any conflict of interest. The information was sufficiently disclosed. Moreover the operations were monitored to ascertain that it worked in accordance with the laws and the regulations stipulated by the Capital Market Supervisory Board.

Review of the Internal Control System

The Audit Committee reviewed the independency of the Internal Audit department, the scope of works and the internal audit plan and assesses the sufficiency of the internal control system. According to the review of the internal auditing reports and the following up of the results of the suggested improvements of the highlighted issues, the Audit Committee found that the company and its subsidiaries had sufficient and appropriate internal control system. After consideration, the Board of Directors has the same view as the Audit Committee that the internal control system remains satisfactory, adequate and appropriate for the Company's business.

Selection and Appointment of the External Auditor

The Audit Committee reviewed the qualifications of the external auditor, the quality standard of work, the expertise and the independency and the consideration of the comparison between the auditing and reviewing fees of financial statements against the workload, it was proposed to the company's Board of Directors for further approval at the General Meeting of the shareholders appointment of

1. Mr. Thanawut Piboonsawat CPA No. 6699 and/or
2. Miss Techinee Pornpenpob CPA No. 10769 and/or
3. Miss Potjanarat Siripipat CPA No. 9012 and/or
4. Miss Roongnapha Saengchan CPA No. 10142

All of these auditors come from Dharmniti Auditing Co.,Ltd. and the total auditing and reviewing fee of 965,000 baht which was deemed reasonable.

The Audit Committee had freedom in carrying out their assigned duties and received good cooperation from the Management. Moreover, there was a non-management meeting with the external auditors to discuss and to learn about their observations of the internal control of accounting to plan by talking into account the transparency, reliability, having appropriate internal control system and carried out their work according to the relevant announcements, regulations and laws.

2nd March 2020

On behalf of the Audit Committee



Mr. Vorathep Vithayaviraj

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for the Financial Statements

To Shareholders

The Board of Directors has prepared financial statements to show the Company and its subsidiary annual financial position in the year 2019, in accordance with generally accepted accounting in Thailand. It is also done under the requirements of the Securities and Exchange Commission on the preparation and presentation of financial reports under the Securities and Exchange Act B.E. 2535.

The Board of Directors is responsible for the financial statements of the Company and subsidiary companies including financial information which is appeared in an annual report for the year ended 31st December 2019, which is made according to accounting principle certified generally by using appropriate accounting policy as the principle of carefulness and the principle of usually practice by using discretion and estimation according to necessity carefully and reasonably including there is also disclosing of enough data in the notes to financial statements by such financial statements have been audited by independent certified auditors who have given their unqualified opinion.

The Board of Directors supports the practice of good corporate governance in the Company and endeavors to improve the structure of the Board of Directors accordingly so that the Company's operations are efficient, transparent and reliable. An internal control system have been established to reasonable ensure that the financial records are accurate and complete. The Board of Directors has appointed an Audit Committee which consists of 3 persons as independent committee members who are responsible for reviewing the financial report and maintaining the adequacy of the internal control and internal auditing systems. The Audit Committee has presented its opinion about the stated matter in the report of the Audit Committee which is presented in this Annual Report.

The Board of Directors believes that the effectiveness of the Company's internal control system and internal audit is satisfactory and able to create credibility and reliability for the financial statements of the Company and its subsidiaries for the year ended 31st December 2019.

28th February 2020



Mrs. Siriphorn Mangkornkarn
Managing Director

Management Discussion and Analysis

The Analysis from the Management

In 2019, overall economic conditions continued to slow down. Thailand's economy grew by 2.4 percent, the lowest of the past 5 years due to trade war between the USA and China. The global economic slowdown, including the ongoing severe drought in the country, combined with the outbreak of Coronavirus 2019 or Covid-19, occurred in late 2019 that will continue to affect the economy in 2020, on the tourism industry, export and import, manufacturing and trading involving China. So its economic forecast to 1.5-2.0 percent and exports is expected to be a negative 2.0 percent while Thai automotive industry in 2019 has the amount of car production staying at 2.01 million units, down 7.1 percent from 2.17 million vehicles produced the previous year. Regarding sales. A total of 2.06 million vehicles were sold, divided into domestic sales of car staying at 1.01 million units, decreasing by 3.3 percent from last year, but it is still maintaining vehicle sales at 1 million cars. Export sales volume amounted to 1.05 million units, decreasing by 7.6 percent from last year, but exceeding sales exports of 1 million vehicles target due to economic slowdown and fluctuations throughout 2019. Therefore it affects the Company's business operations that can be summarized as follows:

Revenue from Sales

In 2019, the Company had sales revenue according to the consolidated financial statements at the amount of 922.56 million baht, decreased by 200.32 million baht or 17.84 percent compared with the previous year with sales of 1,122.88 million baht. The main factors affecting the Company's operations comes from the ongoing economic slowdown, drought that affects agriculture, causing stagnant domestic purchasing power, consumers delay spending, including the automotive industry that has not recovered from a drop last year, in production Exports and domestic sales also had decreased proportion.

Cost of Sales

In 2019, the Company had a total cost of sales of 770.05 million baht or 83.47 percent of sales revenue, increased over the previous year, representing 76.28 percent of sales revenue. As a result, the gross profit margin decreased to 16.53 percent comparing to the previous year which is at 23.72 percent due to decrease in sales. Therefore, affecting the fixed cost which cannot be reduced in proportion to decrease in sales causing a decrease in gross profit margin.

Bad Debts and Doubtful Debts

In 2019, the Company has created an allowance for bad debts and doubtful debts according to the consolidated financial statements, increasing from the same period of the prior year in an amount of 10.48 million baht, partly due to economy slowdown and the automotive industry.

Comprehensive Income

In 2019, the Company's performance according to the consolidated financial statements to obtain gross profit of 152.51 million baht, representing 16.53 percent of the sales revenue, decreased by 23.72 percent from last year, resulting in a loss before income tax expense in an amount of 63.17 million baht and income tax expense of 22.30 million baht resulting in net operating loss of 85.47 million baht.

The Financial Position

Assets

In 2019, the Company had assets appearing in the consolidated financial statements of 895.41 million baht, decreased by 198.17 million baht which was 1,093.58 million baht lower than last year. It is significant due to the decrease in the 3 main items such as trade receivables and other receivables-other companies decreased by 136.01 million baht, inventories decreased by 46.67 million baht and a deferred tax asset decreased by 22.82 million baht.

Liabilities

In 2019, the Company had liabilities appearing in the consolidated financial statements of 432.80 million baht, decreased by 86.34 million baht which was 519.14 million baht lower than last year. It is significant due to the decrease in repayment of bank overdraft and short-term loans from financial institutions in an amount of 86.85 million baht, the decrease in trade account payable and other account payable of 59.21 million baht and decreased in tax liabilities of 12.24 million baht while long-term loans from financial institutions increased by 40 million baht and the setting of employee benefit obligations for 2019 increased by 30.95 million baht.

Shareholders' Equity

In 2019, the Company had shareholders' equity according to the consolidated financial statements with a total amount of 462.62 million baht is the issued and paid-up capital of 319.52 million baht with retained earnings, a part of the legal reserve of 29.35 million baht and the remaining unappropriated retained earnings of 91.13 million baht. There are other components of shareholders' equity in an amount of 22.62 million baht.

Financial Liquidity

In 2019 due to the economy still continues to slow down. In addition, the automotive industry is still not recovering causing the Company have a decrease in sales revenue accounts to 922.56 million baht from 1,000 million baht. There was still a cost of investment in fixed assets in improving machinery and equipment to continuously support the production of new products according to the needs of the automobile market which the Company received financial support from a financial institution as part of long-term loan of 40 million baht. While still having debt repayment burden of short-term loans, dividend payment to shareholders and the interest payment, causing the financial liquidity in 2019 over the previous year to be quite tight. Using the Company's cash flow statements, net cash received from operating activities was 139.31 million baht, net investment expense on the fixed assets was 54.03 million baht and short-term loans were repayable, the dividend payment and interest payment are worth approximately 112.75 million baht while the Company received long-term loan of 40 million baht, therefore, the Company has a net cash flow at the end of the year in an amount of 12.13 million baht. When including cash and cash equivalents at the beginning of the year of 11.46 million baht, therefore, cash and cash equivalents at the end of 2019 in an amount of 23.47 million baht.

For important financial ratios of the Company that had Quick Ratio at 0.66 and Current Ratio at 1.73, slightly increased from the previous year which stayed at 1.52 level, therefore reflecting the Company's financial status that is still quite tight continuously while the ability to collect and pay trade account payable considering from trade receivable turnover ratio staying at 4.45 cycles, representing the average collection period of 81.95 days, close to the previous year which the period lasted 83.80 days. Regarding total inventory turnover, turnover staying at 2.45 cycles, equal to 149.16 days, increased from the previous year which stayed at 142.65 days.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

As for trade accounts payable that require payment, the Company had an average trade payment period of 5.64 cycles, representing the average duration of 64.77 days compared with the previous year that the Company had payment period of 66.86 days due to significant financial ratios, especially the liquidity status index, still reflects that in 2019 over the past year the Company still has the liquidity condition that is still quite tight.

The Source of Fund

The source of funding will mainly come from operating cash flow to be used for normal activities of business operations in which status of cash flows fluctuates depending on sales. In 2019 over the past year, the Company had reasonably decreased sales while must still invested in improving machinery and equipment and had an obligation to repay short-term debt (current liabilities) from financial institutions. As a result, the liquidity was quite tight, so the Company has procured funds from financial institutions as long-term loans in an amount of 40 million baht so that the Company is managed to have flexibility in conducting business continuously.

Major factors and influences that may affect the Company's operations or financial status in the future.

Factors that will significantly impact on the company's operations are to stop production without any prior planning ever. Due to both internal and external factors which the company still able to control this risk factor with measures to maintain machines efficiently (Preventive maintenance), training, knowledge and skills of production staff and machine maintenance, prevention of accidents and accidents at work, including providing insurance to prevent risks in the life and property of the company while external factors that may affect the company such as natural disaster and flood which are beyond the control of the Company and cannot be predicted in time. Therefore, the way to reduce the impacts, planning and preparation to be cautious and prevent incidents, the tracking of related news and information, including building a good relationship with the surrounding community, it is therefore the most appropriate measure to reduce its impacts of such disaster.

Report of the Auditor and Consolidated Financial Statements

To The Shareholders and Board of Directors of
Thai Nam Plastic Public Company Limited

Opinion

I have audited the consolidated financial statements of Thai Nam Plastic Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Thai Nam Plastic Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related To Going Concern

I draw attention to Note 1.3 to the financial statements. Two subsidiary companies had incurred continuous operation losses. As at December 31, 2019 and 2018, current liabilities were higher than current assets and deficits were significant amounts. These factors indicate the existence of material uncertainties which cast significant doubt on these subsidiaries' ability to continue as a going concern.

My opinion to the financial statements is not qualify in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

- Allowance for the decline in value of inventory

Risk

As at December 31, 2019, the Group and Company had inventories in the statement of financial position of Baht 291.35 million and Baht 251.36 million, respectively, or 32.54% of the total assets of the Group and 23.85% of the total assets of the Company. Such inventory includes the obsolete stock which was produced as excess and old raw material, packaging and factory supplies may no longer be used in the production and may have declining value in the present. The accounting policy for inventory and detail of inventory were disclosed in Note 3.4 and 8, respectively. Inventory is stated at cost or net realizable value, whichever is lower. The management has to apply considerable judgment in considering the allowance for the decline in value of obsolete inventory by determining the allowance from the percentage of the carrying value of slow-moving or obsolete inventory. The management will set higher percentage according to the aging of inventory and analyze the individual obsolete stock. Therefore, I have identified that the measurement of inventory is a significant risk which requires special attention in the audit.

Risk response by auditor

According to my audit approach on such matter, I have tested the internal control with respect to the calculation of inventory cost, observed the inventory physical count and verified the inventory aging report, inquired the management and considered the reasonableness of the assumption and approach used by the management to determine the net realizable value. This is by verifying the supporting evidence that represents the management's best estimate, especially determining the percentage used in calculating the allowance for the decline in value of inventory at different ages and testing the calculation of the allowance for the decline in value of inventory. Additionally, I have paid attention to the adequacy of the information disclosure on the accounting policy and amount with respect to the recognition of the allowance for the decline in value of inventory.

Other Matter

The consolidated financial statements of Thai Nam Plastic Public Company Limited and its subsidiaries and separate financial statements of Thai Nam Plastic Public Company Limited for the year ended 31 December 2018, presented herewith for comparative information were audited by another auditor who is the auditor in the same firm. The auditor expressed an unqualified opinion on those statements, under his report dated 26 February 2019.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate 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 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 consolidated financial statements and separate financial statements.

As part of an audit in accordance with 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 consolidated financial statements and separate 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 Group's and 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 Group's and 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 consolidated financial statements and separate 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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 we 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 consolidated financial statements and separate 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Techinee Pornpenpob.



(Miss Techinee Pornpenpob)

Certified Public Accountant

Registration No. 10769

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 28, 2020

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

ASSETS

| | | Baht | | | |
|--|--------|-----------------------------------|----------------|-------------------------------|----------------|
| | | Consolidated financial statements | | Separate financial statements | |
| Note | | 2019 | 2018 | 2019 | 2018 |
| Current liabilities | | | | | |
| Bank overdraft and short-term loans from | | | | | |
| financial institutions | 14 | 153,912,086.08 | 240,758,931.52 | 153,912,086.08 | 240,758,931.52 |
| Trade and other accounts payable | | | | | |
| Related parties | 23 | - | - | 9,757,118.18 | 10,311,817.95 |
| Other companies | | 107,043,277.19 | 166,252,337.83 | 98,297,934.64 | 152,444,624.58 |
| | | 107,043,277.19 | 166,252,337.83 | 108,055,052.82 | 162,756,442.53 |
| Current portion of long-term liabilities | | | | | |
| Long-term loans from financial institution | 17 | 7,200,000.00 | - | 7,200,000.00 | - |
| Liabilities under finance lease agreement: | 18 | 302,625.00 | 522,000.00 | 302,625.00 | 522,000.00 |
| Short-term loans from related parties | 16, 23 | - | - | - | 5,000,000.00 |
| Income tax payable | | - | 12,237,610.30 | - | 12,237,610.30 |
| Other current liabilities | | 3,128,189.21 | 1,678,822.68 | 3,018,454.95 | 1,597,404.19 |
| Total current liabilities | | 271,586,177.48 | 421,449,702.33 | 272,488,218.85 | 422,872,388.54 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institution | 17 | 32,800,000.00 | - | 32,800,000.00 | - |
| Liabilities under finance lease agreements | 18 | 277,406.25 | 543,468.75 | 277,406.25 | 543,468.75 |
| Employee benefit obligations | 19 | 127,467,442.39 | 96,518,027.63 | 124,749,271.08 | 89,169,873.57 |
| Non-current liabilities | | 665,045.00 | 633,376.20 | 665,045.00 | 633,376.20 |
| Total non-current liabilities | | 161,209,893.64 | 97,694,872.58 | 158,491,722.33 | 90,346,718.52 |
| TOTAL LIABILITIES | | 432,796,071.12 | 519,144,574.91 | 430,979,941.18 | 513,219,107.06 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Baht | | | |
|--|--------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Note | 2019 | 2018 | 2019 | 2018 |
| Current liabilities | | | | | |
| Bank overdraft and short-term loans from | | | | | |
| financial institutions | 14 | 153,912,086.08 | 240,758,931.52 | 153,912,086.08 | 240,758,931.52 |
| Trade and other accounts payable | 15 | | | | |
| Related parties | 23 | - | - | 9,757,118.18 | 10,311,817.95 |
| Other companies | | 107,043,277.19 | 166,252,337.83 | 98,297,934.64 | 152,444,624.58 |
| | | <u>107,043,277.19</u> | <u>166,252,337.83</u> | <u>108,055,052.82</u> | <u>162,756,442.53</u> |
| Current portion of long-term liabilities | | | | | |
| Long-term loans from financial institution | 17 | 7,200,000.00 | - | 7,200,000.00 | - |
| Liabilities under finance lease agreements | 18 | 302,625.00 | 522,000.00 | 302,625.00 | 522,000.00 |
| Short-term loans from related parties | 16, 23 | - | - | - | 5,000,000.00 |
| Income tax payable | | - | 12,237,610.30 | - | 12,237,610.30 |
| Other current liabilities | | 3,128,189.21 | 1,678,822.68 | 3,018,454.95 | 1,597,404.19 |
| Total current liabilities | | <u>271,586,177.48</u> | <u>421,449,702.33</u> | <u>272,488,218.85</u> | <u>422,872,388.54</u> |
| Non-current liabilities | | | | | |
| Long-term loans from financial institution | 17 | 32,800,000.00 | - | 32,800,000.00 | - |
| Liabilities under finance lease agreements | 18 | 277,406.25 | 543,468.75 | 277,406.25 | 543,468.75 |
| Employee benefit obligations | 19 | 127,467,442.39 | 96,518,027.63 | 124,749,271.08 | 89,169,873.57 |
| Non-current liabilities | | <u>665,045.00</u> | <u>633,376.20</u> | <u>665,045.00</u> | <u>633,376.20</u> |
| Total non-current liabilities | | <u>161,209,893.64</u> | <u>97,694,872.58</u> | <u>158,491,722.33</u> | <u>90,346,718.52</u> |
| TOTAL LIABILITIES | | <u>432,796,071.12</u> | <u>519,144,574.91</u> | <u>430,979,941.18</u> | <u>513,219,107.06</u> |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| | | Baht | | | |
|---|----|-----------------------------------|------------------|-------------------------------|------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| Note | | 2019 | 2018 | 2019 | 2018 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 372,768,490 ordinary shares, Baht 1.00 each | | 372,768,490.00 | 372,768,490.00 | 372,768,490.00 | 372,768,490.00 |
| Issued and fully paid-up share capital | | | | | |
| 319,516,823 ordinary shares, Baht 1.00 each | | 319,516,823.00 | | 319,516,823.00 | |
| 319,516,441 ordinary shares, Baht 1.00 each | | | 319,516,441.00 | | 319,516,441.00 |
| Share premium on ordinary shares | 20 | 454.58 | - | 454.58 | - |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 21 | 29,348,291.08 | 29,348,291.08 | 29,348,291.08 | 29,348,291.08 |
| Unappropriated | | 91,134,450.99 | 193,955,251.89 | 273,888,669.85 | 384,194,369.60 |
| Other components of shareholders' equity | | 22,617,300.86 | 31,616,962.35 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 462,617,320.51 | 574,436,946.32 | 622,754,238.51 | 733,059,101.68 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 895,413,391.63 | 1,093,581,521.23 | 1,053,734,179.69 | 1,246,278,208.74 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|--|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Note | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | |
| Revenue from sales | 23 | 922,560,496.39 | 1,122,877,468.72 | 867,242,657.69 | 1,103,927,923.32 |
| Gain from exchange rate | | - | - | - | 2,295,790.29 |
| Other incomes | 23 | 10,106,940.67 | 8,285,792.79 | 11,348,167.11 | 11,072,656.17 |
| Total revenues | | 932,667,437.06 | 1,131,163,261.51 | 878,590,824.80 | 1,117,296,369.78 |
| Expenses | | | | | |
| Cost of sales | 23 | 770,048,086.31 | 856,552,083.16 | 712,298,655.09 | 816,628,550.34 |
| Selling expenses | | 38,812,928.17 | 46,762,519.78 | 37,147,669.17 | 43,580,785.40 |
| Administrative expenses | 23 | 162,510,030.47 | 153,835,999.92 | 135,433,634.70 | 120,163,281.20 |
| Loss from exchange rate | | 769,531.04 | 13,043,454.61 | 19,281,861.17 | - |
| Bad debt and doubtful debt | | 10,479,574.83 | - | 48,181,874.35 | 72,718,549.21 |
| Finance costs | | 13,220,153.23 | 14,897,362.73 | 13,139,426.15 | 12,669,743.79 |
| Total expenses | | 995,840,304.05 | 1,085,091,420.20 | 965,483,120.63 | 1,065,760,909.94 |
| Profit (loss) before income tax expense | | (63,172,866.99) | 46,071,841.31 | (86,892,295.83) | 51,535,459.84 |
| Income tax expense | 26 | 22,296,205.49 | 26,463,706.24 | 6,301,137.41 | 31,056,490.44 |
| Profit (loss) for the year | | (85,469,072.48) | 19,608,135.07 | (93,193,433.24) | 20,478,969.40 |
| Other comprehensive income (expense) | | | | | |
| Item that will not be reclassified to profit or loss : | | | | | |
| Actuarial gain (losses) on define employee benefit plans | 19 | (5,713,848.48) | (11,754,777.75) | (5,414,521.09) | (10,127,451.76) |
| Income tax relating to item that will not be reclassified | 26 | 1,142,769.70 | 2,084,653.09 | 1,082,904.22 | 2,025,490.35 |
| | | (4,571,078.78) | (9,670,124.66) | (4,331,616.87) | (8,101,961.41) |
| Item that may be reclassified subsequently to profit or loss : | | | | | |
| Currency translation differences of the financial statements of foreign subsidiary | | (8,999,661.49) | 6,342,758.54 | - | - |
| | | (8,999,661.49) | 6,342,758.54 | - | - |
| Other comprehensive income (expense) for the year, net of tax | | (13,570,740.27) | (3,327,366.12) | (4,331,616.87) | (8,101,961.41) |
| Total comprehensive income (expense) for the year | | (99,039,812.75) | 16,280,768.95 | (97,525,050.11) | 12,377,007.99 |
| Basic earnings (loss) per share | | | | | |
| Profit (loss) attributable to owners of the parent | 27 | (0.27) | 0.06 | (0.29) | 0.06 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | | | | |
|---|------|---|--|-------------------------------|-----------------|---|--|-------------------------|
| | | Consolidated financial statements | | | | | | |
| | Note | Ordinary shares, issued and paid-up | Share premium on ordinary shares | Retained earnings | | Other components of equity | | Total |
| | | | | Appropriated legal reserve | Unappropriated | Currency translation differences of the financial statements of foreign subsidiary | Difference from change in shareholding proportion in subsidiary | Shareholders' equity |
| | | | | | | | Total other components of equity | |
| Beginning balance as at January 1, 2018 | | 319,516,441.00 | - | 28,324,342.61 | 194,626,683.18 | 24,346,240.56 | 927,963.25 | 567,741,670.60 |
| Legal reserve | 21 | - | - | 1,023,948.47 | (1,023,948.47) | - | - | - |
| Dividend paid | 21 | - | - | - | (9,585,493.23) | - | - | (9,585,493.23) |
| Total comprehensive income (expense) for the year | | | | | | | | |
| Profit (loss) for the year | | - | - | - | 19,608,135.07 | - | - | 19,608,135.07 |
| Other comprehensive income (expense) for the year, net of tax | | | | | | | | |
| Gains (loss) from changing actuarial estimates | | - | - | - | (9,670,124.66) | - | - | (9,670,124.66) |
| Exchange difference on translating financial statements | | - | - | - | - | 6,342,758.54 | - | 6,342,758.54 |
| Ending balance as at December 31, 2018 | | 319,516,441.00 | - | 29,348,291.08 | 193,955,251.89 | 30,688,999.10 | 927,963.25 | 574,436,946.32 |
| Increase in share capital | 20 | 382.00 | 454.58 | - | - | - | - | 836.58 |
| Dividend paid | 21 | - | - | - | (12,780,649.64) | - | - | (12,780,649.64) |
| Total comprehensive income (expense) for the year | | | | | | | | |
| Profit (loss) for the year | | - | - | - | (85,469,072.48) | - | - | (85,469,072.48) |
| Other comprehensive income (expense) for the year, net of tax | | | | | | | | |
| Gains (loss) from changing actuarial estimates | | - | - | - | (4,571,078.78) | - | - | (4,571,078.78) |
| Exchange difference on translating financial statements | | - | - | - | - | (8,999,661.49) | - | (8,999,661.49) |
| Ending balance as at December 31, 2019 | | 319,516,823.00 | 454.58 | 29,348,291.08 | 91,134,450.99 | 21,689,337.61 | 927,963.25 | 462,617,320.51 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | | |
|---|------|---|--|-------------------------------|-----------------|-------------------------|
| | | Separate financial statements | | | | |
| | Note | Ordinary shares, issued and paid-up | Share premium on ordinary shares | Retained earnings | | Total |
| | | | | Appropriated legal reserve | Unappropriated | Shareholders' equity |
| Beginning balance as at January 1, 2018 | | 319,516,441.00 | - | 28,324,342.61 | 382,426,803.31 | 730,267,586.92 |
| Legal reserve | 21 | - | - | 1,023,948.47 | (1,023,948.47) | - |
| Dividend paid | 21 | - | - | - | (9,585,493.23) | (9,585,493.23) |
| Total comprehensive income (expense) for the year | | | | | | |
| Profit (loss) for the year | | - | - | - | 20,478,969.40 | 20,478,969.40 |
| Other comprehensive income (expense) | | | | | | |
| for the year, net of tax | | | | | | |
| Gains (losses) from changing actuarial estimates | | - | - | - | (8,101,961.41) | (8,101,961.41) |
| Ending balance as at December 31, 2018 | | 319,516,441.00 | - | 29,348,291.08 | 384,194,369.60 | 733,059,101.68 |
| Increase in share capital | 20 | 382.00 | 454.58 | - | - | 836.58 |
| Dividend paid | 21 | - | - | - | (12,780,649.64) | (12,780,649.64) |
| Total comprehensive income (expense) for the year | | | | | | |
| Profit (loss) for the year | | | | | | |
| Other comprehensive income (expense) | | | | | | |
| for the year, net of tax | | - | - | - | (93,193,433.24) | (93,193,433.24) |
| Gains (losses) from changing actuarial estimates | | - | - | - | (4,331,616.87) | (4,331,616.87) |
| Ending balance as at December 31, 2019 | | 319,516,823.00 | 454.58 | 29,348,291.08 | 273,888,669.85 | 622,754,238.51 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit (loss) for the year | (85,469,072.48) | 19,608,135.07 | (93,193,433.24) | 20,478,969.40 |
| Adjustments to reconcile profit (loss) for the period to net cash provided by (used in) operating activities: | | | | |
| Bad debt | - | (1,482,733.89) | - | 1,482,733.89 |
| Increase (decrease) in allowance for doubtful accounts | 10,479,574.83 | 1,482,733.89 | 48,181,874.35 | 71,235,815.32 |
| Increase (decrease) in allowance for obsolete inventories | (33,573,803.57) | 12,297,239.30 | (33,223,364.96) | 12,777,751.35 |
| Increase (decrease) in allowance for impairment of fixed asset | 5,552,801.47 | - | 5,552,801.47 | - |
| Depreciation and amortization expenses | 52,083,331.05 | 54,240,919.44 | 48,578,701.49 | 50,284,936.52 |
| (Gains) loss on disposal of fixed assets | 793,086.50 | (28,971.60) | 775,669.34 | (153,765.46) |
| Unrealized (gain) loss on exchange rate | (4,539,118.44) | 11,344,617.79 | 14,849,424.07 | (1,846,196.98) |
| Interest income | (637,360.76) | (116,464.04) | (0.80) | (43,750.20) |
| Withholding tax written-off | 235,355.23 | 68,998.10 | - | - |
| Employee benefit expense | 35,497,065.28 | 7,273,740.42 | 38,358,175.42 | 6,640,620.37 |
| Interest expenses | 13,220,153.23 | 14,897,362.73 | 13,139,426.15 | 12,669,743.79 |
| Income tax expense (tax income) | 22,296,205.49 | 26,463,706.24 | 6,301,137.41 | 31,056,490.44 |
| Profit provided by operating activities before changes in operating assets and liabilities | 15,938,217.83 | 146,049,283.45 | 49,320,410.70 | 204,583,348.44 |
| (Increase) decrease in operating assets | | | | |
| Trade and other account receivable | 125,187,361.89 | (31,760,060.97) | 84,901,338.90 | (73,821,480.68) |
| Inventories | 79,383,985.70 | (21,468,285.61) | 76,808,852.53 | (3,047,281.15) |
| Other current assets | (1,279,813.84) | (6,840,523.79) | (1,144,666.80) | (1,817,605.63) |
| Other non-current assets | (3,000.00) | 12,000.00 | (15,000.00) | - |
| Increase (decrease) in operating liabilities | | | | |
| Trade and other accounts payable | (59,171,621.92) | 28,385,817.94 | (55,042,822.36) | 12,273,693.56 |
| Other current liabilities | 1,451,970.96 | 232,982.81 | 1,421,050.76 | 244,746.88 |
| Employee benefit obligation | (10,261,499.00) | (5,019,905.19) | (8,193,299.00) | (4,907,713.77) |
| Other non-current liabilities | 31,668.80 | - | 31,668.80 | - |
| Cash received from operations | 151,277,270.42 | 109,591,308.64 | 148,087,533.53 | 133,507,707.65 |
| Interest income received | 637,360.76 | 116,464.04 | 0.80 | 43,750.20 |
| Income tax expense paid | (12,607,399.98) | (27,346,143.81) | (12,237,610.30) | (27,005,060.08) |
| Net cash provided by operating activities | 139,307,231.20 | 82,361,628.87 | 135,849,924.03 | 106,546,397.77 |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from investing activities | | | | |
| Increase (decrease) in short-term loan to related company | - | - | (4,770,400.00) | (48,925,200.00) |
| Cash payments for purchase of fixed assets | (54,029,554.68) | (88,832,740.41) | (52,580,510.29) | (64,513,700.71) |
| Cash receipts from disposal of fixed assets | 84,055.82 | 288,671.99 | 69,280.12 | 651,458.17 |
| Net cash used in investing activities | (53,945,498.86) | (88,544,068.42) | (57,281,630.17) | (112,787,442.54) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in bank overdraft and short-term loan from financial institutions | (87,104,281.81) | 23,960,241.58 | (87,104,281.81) | 23,960,241.58 |
| Increase (decrease) in short-term loan from related parties | - | - | (5,000,000.00) | 5,000,000.00 |
| Cash receipts from loan from financial institutions | 40,000,000.00 | - | 40,000,000.00 | - |
| Cash payments for repayment of liabilities under finance lease agreements | (485,437.50) | (522,969.75) | (485,437.50) | (522,969.75) |
| Cash receipts from increase in share capital | 836.58 | - | 836.58 | - |
| Dividend paid | (12,456,746.35) | (9,364,075.25) | (12,456,746.35) | (9,364,075.25) |
| Interest expense paid | (13,190,340.94) | (14,878,924.39) | (13,109,613.86) | (12,651,305.45) |
| Net cash provided by (used in) financing activities | (73,235,970.02) | (805,727.81) | (78,155,242.94) | 6,421,891.13 |
| Net increase (decrease) in cash and cash equivalents | 12,125,762.32 | (6,988,167.36) | 413,050.92 | 180,846.36 |
| Cash and cash equivalents - beginning of year | 11,461,178.43 | 21,967,916.06 | 2,089,128.52 | 1,908,282.16 |
| Effect of translation adjustment on foreign currency financial statements | (117,189.90) | (3,518,570.27) | - | - |
| Cash and cash equivalents - ending of year | 23,469,750.85 | 11,461,178.43 | 2,502,179.44 | 2,089,128.52 |
| Supplement disclosures of cash flows information | | | | |
| Reconciliation of dividend paid | | | | |
| Dividend for the year | (12,780,649.64) | (9,585,493.23) | (12,780,649.64) | (9,585,493.23) |
| Increase (decrease) in accrued dividend | 323,903.29 | 221,417.98 | 323,903.29 | 221,417.98 |
| Dividend paid | (12,456,746.35) | (9,364,075.25) | (12,456,746.35) | (9,364,075.25) |

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

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

THAI NAM PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. GENERAL INFORMATION

1.1 Legal status and address of the Company and its subsidiaries

The Company had registered to be a limited company on May 25, 1970. The Company's status had been changed to be the public company limited and registered with the Ministry of Commerce on February 7, 1992.

The address of its registered office is as follows :-

Head office is located at 40 Moo 7, Petchkasem Road, KM.23, Omnoi, Kratumban, Samutsakorn 74130 Thailand.

The four addresses of its subsidiaries are as follows :-

Direct shareholding

- (1) Taweewattana Logistics Company Limited had registered to be a limited company on November 6, 2007. Its head office is located at 40 Moo 7, Petchkasem Road, KM.23, Omnoi, Kratumban, Samutsakorn 74130 Thailand.
- (2) Thai Nam Automotive Performance Company Limited had registered to be a limited company on January 24, 2002. Its head office is located at 40 Moo 7, Petchkasem Road, KM.23, Omnoi, Kratumban, Samutsakorn 74130 Thailand. The branch office is located at 89/1 Moo 4, Bangpla Road, K.M. 3, Bankoh, Samutsakorn 74000 Thailand.
- (3) TNV Plastics (Proprietary) Limited had registered in South Africa. Its head office is located at 4 Olive Grove Industrial Park, Ou Paardevlei Road, Somerset West 7130, South Africa.

Indirect shareholding

- (4) T.N.P. Industry Company Limited had registered to be a limited company on November 3, 1983. Its head office is located at 87/9 Bangpla Road, Bankoh, Samutsakorn 74000 Thailand.

1.2 Nature of the Company's operations

Its main business operations are the production and distribution of flexible plastic, synthetic leather and car mat

Its subsidiaries operate business as follows:-

Direct shareholding

- (1) Taweewattana Logistics Company Limited, its business operation is a distributing all kinds of plastic.
- (2) Thai Nam Automotive Performance Company Limited, its business operation is a distributing of PVC, Foam sheet, PP foam leather and TPO (Thermo plastic olefin).
- (3) TNV Plastics (Proprietary) Limited, its business operation is a manufacturing and distributing of polyvinyl chloride products (PVC).

Indirect shareholding

- (4) T.N.P. Industry Company Limited, its business is a manufacturing and distributing of rigid PVC.

1.3 Going concern of two subsidiary companies

Two subsidiary companies had incurred continuous operation losses, As at December 31, 2019 and 2018, current liabilities were higher than current assets in the amount of Baht 622.05 million and Baht 586.77 million, respectively and deficits in the amount of Baht 575.20 million and Baht 552.57 million, respectively were significant amounts. These factors indicate the existence of material uncertainties which cast significant doubt over these subsidiaries' ability to operate and continue as a going concern. However, the management has a plan to solve the problem by adjusting the plan and production process to control product manufacturing costs including finding marketing channels to increase sale. The Company will provide financial support to both subsidiaries. The above event has caused the uncertainty situation of going concern to be relieved. Therefore, these financial statements are prepared on the going concern basis. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value of assets and reclassification of liabilities that might be necessary should the subsidiary companies be unable to continue as a going concern.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language version.

2.2 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of Thai Nam Plastic Public Company Limited and its subsidiaries as follows :-

| Company name | Type of business | Percentage of holding % of share capital | | Country of Establishment |
|---|--|---|--------|-----------------------------|
| | | 2019 | 2018 | |
| Direct shareholding | | | | |
| Taweewattana Logistics Co., Ltd. | Distribution of PVC | 99.99 | 99.99 | Thailand |
| Thai Nam Automotive Performance Co., Ltd. | Distribution of PVC, Foam sheet, PP foam leather and TPO | 99.99 | 99.99 | Thailand |
| TNV Plastics (Proprietary) Limited | Production and distribution of PVC | 100.00 | 100.00 | South Africa |
| Indirect shareholding | | | | |
| T.N.P. Industry Co., Ltd. | Production and distribution of rigid PVC | 99.29 | 99.29 | Thailand |

2.2.2 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.2.3 The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Currency translation changes of the financial statements of foreign entity" in shareholders' equity.

2.2.4 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Financial reporting standards that became effective in the current year

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

2.4 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments

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

Financial Reporting Standards :-

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS 16 Leases

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries are currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue and expenses recognition

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

Rental income and its related services from an investment property are recognized on a straight-line basis over the term of the lease. Contingent rentals are recognized as income in the accounting period in which they are occurred. The related service income is recognized over the term of the lease.

Interest income is recognized on an accrual basis based on the effective interest rate.

Other income and expenses are recognized in profit or loss on the accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.3 Trade accounts receivable and others receivable

Trade and other accounts receivable (including balances with related parties) are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the income statement as part of administrative expenses.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

3.4 Inventories

Inventories are presented at the lower of cost or net realizable value, cost of inventories is calculated as follow:

- Raw material has calculated cost by moving average method.
- Finished good, work in process and maintenance and factory supplies have calculated cost by first in - first out method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

Allowance for obsolete stocks is set up based on the outstanding inventories balance at the end of year which estimated from consideration of states and quality of inventories.

3.5 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investment in subsidiaries in separate financial statement

Investment in subsidiary is accounted for under the cost method less allowance for impairment loss on the investment, (if any). The Company recognizes impairment loss (if any) on the investment in the statement of comprehensive income.

3.6 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

Depreciation of investment property under building for rent category is calculated by the straight-line method over the estimated useful life of 20 years. Depreciation of investment property is included in determining income.

3.7 Property, plant and equipment and depreciation

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Repair and maintenance costs are recognized as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful life of the assets as follows :-

| | |
|--|---------------|
| Land improvement | 10 years |
| Building and building improvement | 10 - 20 years |
| Machinery and equipment | 5 - 12 years |
| Utility system | 10 years |
| Office equipment and equipment and tools | 2-5 years |
| Vehicles | 5 years |

The Company and its subsidiaries has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.8 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

3.9 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.10 Trade accounts payable and others payable

Trade and other accounts payable (including balances with related parties) are stated at cost.

3.11 Finance lease

The contract of leased asset carried the risk and owner remuneration is mainly transferred to lessors will be classified as financial leased contract. The contract of financial lease is recorded as capital expenditure by fair value of leased asset or present value of minimum amount which has to repay in accordance with the leased contract whichever amount is lower. The amount which has to repay in each time is divided as liability portion and financial expenditure so that fixed interest rate over outstanding liability obligation burden in accordance with the financial leased contract will be recorded as long term liability. Interest payable will be recorded in the statement of income throughout the leased contract life.

3.12 Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.13 Financial instruments

The Company and its subsidiaries have no policy to speculate in and or engage in the trading of any financial derivative instruments.

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 28.

3.14 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

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

Allowance for declining in value of inventory

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

Impairment of investment in subsidiary

The Company reviews the impairment of investment in the subsidiary, which requires management to prepare projections of the cash flows expected to be generated by the investment in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

3.15 Related parties

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

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

3.16 Foreign currency transactions

3.16.1 Currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

3.16.2 Foreign operations

The financial statements of oversea subsidiary companies is translated into Thai Baht at the closing exchange rate as at statements of financial position date to assets and liabilities, and market exchange rates in which the transaction took place as to revenues and expenses. The resultant differences are record in statements of comprehensive income and shown as gain (loss) on exchange rate and convert financial statement in equity until investment are sold out.

3.17 Employee benefits

Short-term employment benefits

The Company and its subsidiaries recognizes salary, wage, bonus, contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments that it must pay to the employees upon retirement under the Company's and its subsidiaries's article and the labor law and other employee benefit plans. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retain earing.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

3.18 Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.19 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realised or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.20 Basic earning per share

Basic earnings per share is determined by dividing profit (loss) for the year by the weighted average number of ordinary shares held by outsiders and outstanding during the year.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash and deposits at financial institutions | | | | |
| Cash on hand | 234,761.79 | 208,199.64 | 91,000.00 | 132,448.00 |
| Deposits at financial institutions - current accounts | 10,998,559.59 | 5,749,517.85 | 2,409,380.07 | 1,955,426.42 |
| - savings accounts | 12,236,429.47 | 5,503,460.94 | 1,799.37 | 1,254.10 |
| Total | 23,469,750.85 | 11,461,178.43 | 2,502,179.44 | 2,089,128.52 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

5. TRADE AND OTHER ACCOUNTS RECEIVABLE - RELATED PARTIES

Trade and other accounts receivable - related parties consisted of :-

| | Baht | | | |
|--|-----------------------------------|------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Account receivable | | | | |
| Subsidiaries company - domestic | - | - | 109,538,478.12 | 117,584,649.79 |
| Subsidiaries company - oversea | - | - | 184,965,226.95 | 145,175,512.99 |
| Total | - | - | 294,503,705.07 | 262,760,162.78 |
| <u>Less</u> Allowance for doubtful debts | - | - | (205,222,169.37) | (175,865,138.02) |
| Account receivable, net | - | - | 89,281,535.70 | 86,895,024.76 |
| Other receivable | - | - | 263,555.50 | 349,360.91 |
| Total | - | - | 89,545,091.20 | 87,244,385.67 |

Movement of the change in the allowance for doubtful accounts for the years ended December 31, 2019 and 2018 were summarized as follows :-

| | Baht | | | |
|-------------------------------|-----------------------------------|------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance of the year | - | - | 175,865,138.02 | 128,760,321.57 |
| Additional during the year | - | - | 29,357,031.35 | 47,104,816.45 |
| Deduction during the year | - | - | - | - |
| Ending balance at end of year | - | - | 205,222,169.37 | 175,865,138.02 |

Trade and other accounts receivable - related parties classified by currency consisted of :-

| | Separate financial statements | | | |
|--------------------------------------|-------------------------------|--------------|----------------|----------------|
| | Foreign currencies | | Baht | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable, domestic; | | | | |
| Baht | - | - | 109,538,478.12 | 117,584,649.79 |
| Trade accounts receivable, oversea; | | | | |
| U.S. Dollars | 5,699,069.06 | 4,228,119.72 | 181,600,369.08 | 142,262,386.60 |
| Euro | 100,812.16 | 79,242.87 | 3,364,857.87 | 2,913,126.39 |
| | | | 294,503,705.07 | 262,760,162.78 |

Trade and other accounts receivable - related parties classified by ages of accounts consisted of :-

| | Baht | | | |
|--------------------------------|-----------------------------------|------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Not over due | - | - | 1,350,368.89 | 10,744,009.86 |
| Over due not over 1 months | - | - | 5,474,770.68 | 8,002,959.16 |
| Over due 1 months to 2 months | - | - | 3,281,307.56 | 12,597,018.52 |
| Over due 2 months to 6 months | - | - | 16,590,865.08 | 28,523,605.24 |
| Over due 6 months to 12 months | - | - | 56,132,241.09 | 51,314,892.79 |
| Over due more than 12 months | - | - | 211,674,151.77 | 151,577,677.21 |
| Total | - | - | 294,503,705.07 | 262,760,162.78 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

6. TRADE AND OTEHR ACCOUNTS RECEIVABLE - OTHER COMPANIES

Trade and other accounts receivable - other companies consisted of :-

| | Baht | | | |
|---|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable | 150,305,450.12 | 276,980,744.60 | 145,441,461.58 | 265,561,770.42 |
| Note receivable | 3,154,192.06 | 2,006,876.95 | 2,990,068.22 | 1,229,216.19 |
| Total | 153,459,642.18 | 278,987,621.55 | 148,431,529.80 | 266,790,986.61 |
| <u>Less</u> Allowance for doubtful accounts | (14,339,758.03) | (3,860,183.20) | (14,339,758.03) | (3,817,468.57) |
| Net | 139,119,884.15 | 275,127,438.35 | 134,091,771.77 | 262,973,518.04 |

Movement of the change in the allowance for doubtful accounts for the years ended December 31, 2019 and 2018 were summarized as follows :-

| | Baht | | | |
|-------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance of the year | 3,860,183.20 | 5,342,917.09 | 3,817,468.57 | 5,300,202.46 |
| Additional during the year | 10,525,723.20 | - | 10,525,723.20 | - |
| Deduction during the year | (46,148.37) | (1,482,733.89) | (3,433.74) | (1,482,733.89) |
| Ending balance at end of year | 14,339,758.03 | 3,860,183.20 | 14,339,758.03 | 3,817,468.57 |

Trade and other accounts receivable - other classified by currency consisted of :-

| | Consolidated financial statements | | | |
|---|-----------------------------------|--------------|----------------|----------------|
| | Foreign currencies | | Baht | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable, domestic; Baht | - | - | 122,968,578.12 | 180,977,557.40 |
| Trade accounts receivable, oversea; U.S. Dollars | 916,390.46 | 3,038,009.98 | 27,641,386.28 | 97,972,070.02 |
| Rand | 1,326,110.00 | 16,970.00 | 2,849,677.78 | 37,994.13 |
| | | | 153,459,642.18 | 278,987,621.55 |
| | Separate financial statements | | | |
| | Foreign currencies | | Baht | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable, domestic; Baht | - | - | 120,790,143.52 | 168,818,916.59 |
| Trade accounts receivable, oversea; U.S. Dollars | 916,390.46 | 3,038,009.98 | 27,641,386.28 | 97,972,070.02 |
| | | | 148,431,529.80 | 266,790,986.61 |

Trade and other accounts receivable - other companies classified by ages of accounts consisted of :-

| | Baht | | | |
|--------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Not over due | 90,800,647.17 | 130,748,427.29 | 87,645,845.74 | 119,052,728.62 |
| Over due not over 1 months | 29,076,778.46 | 66,433,376.67 | 28,559,908.62 | 65,975,155.03 |
| Over due 1 months to 2 months | 6,803,984.75 | 11,411,288.42 | 6,639,860.91 | 11,411,288.42 |
| Over due 2 months to 6 months | 12,438,473.78 | 35,432,695.38 | 11,246,156.51 | 35,432,695.38 |
| Over due 6 months to 12 months | - | 24,659,118.29 | - | 24,659,118.29 |
| Over due more than 12 months | 14,339,758.02 | 10,302,715.50 | 14,339,758.02 | 10,260,000.87 |
| Total | 153,459,642.18 | 278,987,621.55 | 148,431,529.80 | 266,790,986.61 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

7. SHORT-TERM LOANS TO RELATED PARTIES

Chages in short-term loans to related company for the years ended December 31, 2019 and 2018 are as follows :-

| | Baht | | | |
|---|-------------------------------|-----------------|----------------|------------------------------------|
| | Separate financial statements | | | |
| | As at | During the year | | |
| | December 31, 2018 | Increase | Decrease | Gain (loss) on exchange rate |
| <u>Subsidiary company</u> | | | | |
| TNV Plastics (Proprietary) Limited | 136,118,912.58 | 6,616,600.00 | (1,846,200.00) | 11,504,122.55 |
| <u>Indirect subsidiary company</u> | | | | |
| T.N.P. Industry Co., Ltd. | 99,854,058.58 | - | - | - |
| Total | 235,972,971.16 | 6,616,600.00 | (1,846,200.00) | 11,504,122.55 |
| <u>Less</u> Allowance for doubtful accounts | | | | |
| TNV Plastics (Proprietary) Limited | (113,408,742.50) | (9,602,320.59) | - | - |
| T.N.P. Industry Co., Ltd. | (99,854,058.58) | - | - | - |
| Total | (213,262,801.08) | (9,602,320.59) | - | - |
| Net | 22,710,170.08 | | | |
| | | | | |
| | Baht | | | |
| | Separate financial statements | | | |
| | As at | During the year | | |
| | December 31, 2017 | Increase | Decrease | Gain (loss) on exchange rate |
| <u>Subsidiary company</u> | | | | |
| TNV Plastics (Proprietary) Limited | 87,665,601.80 | 48,925,200.00 | - | (471,889.22) |
| <u>Indirect subsidiary company</u> | | | | |
| T.N.P. Industry Co., Ltd. | 99,854,058.58 | - | - | - |
| Total | 187,519,660.38 | 48,925,200.00 | - | (471,889.22) |
| <u>Less</u> Allowance for doubtful accounts | | | | |
| TNV Plastics (Proprietary) Limited | (87,665,601.80) | (25,743,140.70) | - | - |
| T.N.P. Industry Co., Ltd. | (99,854,058.58) | - | - | - |
| Total | (187,519,660.38) | (25,743,140.70) | - | - |
| Net | - | | | |

TNV Plastics (Proprietary) Limited

The Company made loan to TNV Plastics (Proprietary) Limited at the interest rate Prime rate + 2 per annum and due at call.

T.N.P. Industry Co., Ltd.

The Company made loan to T.N.P Industry Co., Ltd. in the form of promissory notes with the interest rate at MLR per annum.

For the years ended December 31, 2019 and 2018, the Company records the allowance for doubtful accounts (reversal) of the loan and accrued interest to TNV Plastics (Proprietary) Limited in the amount of Baht 8.30 million and Baht 25.61 million. (Allowance for doubtful accounts of accrued interest in the amount of Baht (1.30) million and Baht (0.13) million), respectively.

The Company has stopped the recognition of interest in the financial statements from July 1, 2014, onwards, as the two subsidiaries will not have the ability to repay the interest in the near future.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

8. INVENTORIES

Inventories consisted of :-

| | Baht | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 314,826,922.64 | 364,223,090.95 | 294,049,140.99 | 341,640,596.70 |
| Work in process | 34,552,431.34 | 40,521,360.29 | 24,361,462.47 | 32,568,348.14 |
| Raw materials | 154,594,968.38 | 175,511,932.63 | 136,805,915.72 | 154,683,269.85 |
| Packaging and factory supplies | 26,022,125.38 | 23,028,911.36 | 22,179,330.42 | 19,042,105.52 |
| Goods in transit | 2,592,255.21 | 9,550,484.21 | 2,592,255.21 | 8,862,637.13 |
| Total | 532,588,702.95 | 612,835,779.44 | 479,988,104.81 | 556,796,957.34 |
| <u>Less</u> Allowance for obsolete stock | (241,237,381.65) | (274,811,185.22) | (228,631,026.99) | (261,854,391.95) |
| Net | 291,351,321.30 | 338,024,594.22 | 251,357,077.82 | 294,942,565.39 |

Movement of the change in the allowance for obsolete stock for the years ended December 31, 2019 and 2018 were as follows :-

| | Baht | | | |
|-------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance of the year | 274,811,185.22 | 262,513,945.92 | 261,854,391.95 | 249,076,640.60 |
| Additional during the year | 616,770.45 | 12,777,751.35 | - | 12,777,751.35 |
| Deduction during the year | (34,190,574.02) | (480,512.05) | (33,223,364.96) | - |
| Ending balance at end of year | 241,237,381.65 | 274,811,185.22 | 228,631,026.99 | 261,854,391.95 |

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Decline in value of inventory recognized as cost of goods sold for the year | 616,770.45 | 12,777,751.35 | - | 12,777,751.35 |
| Reversal of the decline in value of inventory for the year | (34,190,574.02) | (480,512.05) | (33,223,364.96) | - |

Inventories classified by ages of accounts consisted of :-

| | Baht | | | |
|-------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Not over 1 years | 235,509,344.73 | 285,182,998.89 | 198,502,940.72 | 243,737,135.51 |
| Over 1 years to 2 years | 37,896,939.55 | 31,505,436.88 | 35,704,339.39 | 29,915,440.62 |
| Over 2 years to 3 years | 21,772,909.95 | 15,300,342.09 | 20,819,685.95 | 14,634,171.88 |
| Over 3 years to 4 years | 11,628,215.64 | 32,684,339.42 | 11,030,120.87 | 32,083,481.39 |
| Over 4 years to 5 years | 24,280,626.84 | 20,241,729.22 | 23,967,730.07 | 17,382,854.29 |
| Over more than 5 years | 201,500,666.24 | 227,920,932.94 | 189,963,287.81 | 219,043,873.65 |
| Total | 532,588,702.95 | 612,835,779.44 | 479,988,104.81 | 556,796,957.34 |

9. OTHER RECEIVABLE AND OTHER CURRENT ASSETS

Other receivable consisted of :-

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Revenue Department receivable | 3,574,013.95 | 3,345,044.84 | 1,868,469.11 | 62,780.22 |
| Advance payment | 8,909,199.09 | 7,368,850.85 | 1,823,136.40 | 387,836.48 |
| Prepaid expenses | 2,994,313.64 | 3,939,226.61 | 1,586,638.49 | 3,682,960.50 |
| Accrued Interest | - | - | 93,650,319.57 | 94,950,086.62 |
| <u>Less</u> Allowance for doubtful accounts | - | - | (93,650,319.57) | (94,950,086.62) |
| Total | 15,477,526.68 | 14,653,122.30 | 5,278,244.00 | 4,133,577.20 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Movement of the change in the allowance for doubtful accounts - accrued Interest for the years ended December 31, 2019 and 2018 were summarized as follows :-

| | Baht | | | |
|-------------------------------|-----------------------------------|------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance of the year | - | - | 94,950,086.62 | 95,079,494.56 |
| Additional during the year | - | - | - | - |
| Deduction during the year | - | - | (1,299,767.05) | (129,407.94) |
| Ending balance at end of year | - | - | 93,650,319.57 | 94,950,086.62 |

10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consisted of :-

| Subsidiary Company name | Type of Business | Paid up shares | Percentage of ownership (%) | | Separated financial statements At cost method (Baht) | |
|---|--|-----------------|-----------------------------|--------|---|----------------|
| | | | 2019 | 2018 | 2019 | 2018 |
| | | | | | | |
| Taweewattana Logistics Co., Ltd. | Distribution of PVC | Baht 3 million | 99.99 | 99.99 | 2,999,700.00 | 2,999,700.00 |
| Thai Nam Automotive Performance Co., Ltd. | Distribution of PVC, foam sheet, PP Foam leather and TPO | Baht 10 million | 99.99 | 99.99 | 12,603,800.02 | 12,603,800.02 |
| TNV Plastics (Proprietary) Limited | Production and distribution of PVC | Rand 1 million | 100.00 | 100.00 | 4,280,861.58 | 4,280,861.58 |
| <u>Less</u> Allowance for impairment of investments | | | | | (2,999,700.00) | (2,999,700.00) |
| Net | | | | | 16,884,661.60 | 16,884,661.60 |

11. INVESTMENT PROPERTY

Investment property consisted of :-

| | Baht | | | | |
|---------------------------|-----------------------------------|--------------------------|-----------|-------------------------------|--------------|
| | Consolidated financial statements | | | | |
| | Balance as at Dec 31, 2018 | Movement during the year | | Balance as at Dec 31, 2019 | |
| | | Additions | Deduction | Transferred in (out) | |
| <u>At cost</u> | | | | | |
| Land | 7,763,896.67 | - | - | - | 7,763,896.67 |
| Investment property - Net | 7,763,896.67 | | | | 7,763,896.67 |

| | Baht | | | | |
|---------------------------|-----------------------------------|--------------------------|-----------|-------------------------------|--------------|
| | Consolidated financial statements | | | | |
| | Balance as at Dec 31, 2017 | Movement during the year | | Balance as at Dec 31, 2018 | |
| | | Additions | Deduction | Transferred in (out) | |
| <u>At cost</u> | | | | | |
| Land | 7,763,896.67 | - | - | - | 7,763,896.67 |
| Investment property - Net | 7,763,896.67 | | | | 7,763,896.67 |

| | Baht | | | | |
|---------------------------------|-------------------------------|--------------------------|-----------|-------------------------------|-----------------|
| | Separate financial statements | | | | |
| | Balance as at Dec 31, 2018 | Movement during the year | | Balance as at Dec 31, 2019 | |
| | | Additions | Deduction | Transferred in (out) | |
| <u>At cost</u> | | | | | |
| Land | 17,007,481.77 | - | - | - | 17,007,481.77 |
| Buildings for rent | 23,084,332.63 | - | - | - | 23,084,332.63 |
| Total | 40,091,814.40 | - | - | - | 40,091,814.40 |
| <u>Accumulated depreciation</u> | | | | | |
| Building | (11,780,606.35) | (1,154,216.65) | - | - | (12,934,823.00) |
| Investment property - Net | 28,311,208.05 | | | | 27,156,991.40 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | Baht | | | | |
|---------------------------------|-------------------------------|--------------------------|-----------|----------------|-----------------|
| | Separate financial statements | | | | |
| | Balance as at | Movement during the year | | | Balance as at |
| | Dec 31, 2017 | Additions | Deduction | Transferred in | Dec 31, 2018 |
| | | | | (out) | |
| <u>At cost</u> | | | | | |
| Land | 17,007,481.77 | - | - | - | 17,007,481.77 |
| Buildings for rent | 23,084,332.63 | - | - | - | 23,084,332.63 |
| Total | 40,091,814.40 | - | - | - | 40,091,814.40 |
| <u>Accumulated depreciation</u> | | | | | |
| Building | (10,626,389.69) | (1,154,216.66) | - | - | (11,780,606.35) |
| Investment property - Net | 29,465,424.71 | | | | 28,311,208.05 |

The Company's investment property is land and buildings for rent. In 2015-2018, the Company's investment property had its fair value in the amount of Baht 46.23 million, which was appraised by independent appraisal.

For the years ended December 31, 2019 and 2018, the Company had rental income from investment property in the amount of Baht 6.31 million and Baht 6.21 million, respectively and operating expenses in the amount of Baht 1.15 million and Baht 1.15 million, respectively which were recognized in the statement of comprehensive income.

Investment property of the Company are mortgaged as collateral of credit facilities from financial institutions as discussed in Note 14 and 17 to the financial statements.

12. PROPERTY PLANT AND EQUIPMENT

Property plant and equipment consisted of :-

| | Baht | | | | | |
|---|-----------------------------------|--------------------------|----------------|-----------------|---------------------|--------------------|
| | Consolidated financial statements | | | | | |
| | Balance per book | Movement during the year | | | | Balance per book |
| | as at December | Additions | Deduction | Transferred | Exchange | as at December |
| | 31, 2018 | | | in (out) | difference | 31, 2019 |
| | | | | | on translating | |
| | | | | | financial statement | |
| <u>At cost</u> | | | | | | |
| Land | 11,918,116.03 | - | - | - | - | 11,918,116.03 |
| <u>Land improvement</u> | 9,312,909.51 | - | - | - | - | 9,312,909.51 |
| Building and building improvement | 396,014,743.58 | 1,036,685.76 | - | 1,674,864.48 | (822,411.81) | 397,903,882.01 |
| Machines and equipment | 1,341,110,576.77 | 1,010,388.02 | (712,769.02) | 8,345,933.68 | (641,014.52) | 1,349,113,114.93 |
| Utility system | 31,993,440.36 | 285,828.97 | - | - | - | 32,279,269.33 |
| Vehicles | 11,032,276.61 | - | - | - | (12,600.00) | 11,019,676.61 |
| Office equipment | 56,117,152.68 | 1,681,088.57 | (118,000.00) | - | (72,689.28) | 57,607,551.97 |
| Equipment and tools | 243,699,867.88 | 5,589,030.49 | (1,962,752.65) | 2,161,693.20 | - | 249,487,838.92 |
| Assets in progress | 63,162,123.96 | 44,426,532.87 | (823,053.39) | (12,182,491.36) | - | 94,583,112.08 |
| Total | 2,164,361,207.38 | 54,029,554.68 | (3,616,575.06) | - | (1,548,715.61) | 2,213,225,471.39 |
| <u>Accumulated depreciation</u> | | | | | | |
| <u>Land improvement</u> | (7,833,046.68) | (237,611.08) | - | - | - | (8,070,657.76) |
| Building and building improvement | (243,803,383.74) | (13,767,646.04) | - | - | 65,954.18 | (257,505,075.60) |
| Machines and equipment | (1,267,511,289.95) | (22,510,105.42) | 712,699.00 | - | 410,120.26 | (1,288,898,576.11) |
| Utility system | (25,073,225.27) | (1,322,428.53) | - | - | - | (26,395,653.80) |
| Vehicles | (8,475,572.98) | (895,053.06) | - | - | 9,483.76 | (9,361,142.28) |
| Office equipment | (49,459,010.64) | (1,997,610.17) | 96,174.95 | - | 35,607.13 | (51,324,838.73) |
| Equipment and tools | (217,001,964.78) | (11,352,876.75) | 1,930,558.79 | - | - | (226,424,282.74) |
| Total | (1,819,157,494.04) | (52,083,331.05) | 2,739,432.74 | - | 521,165.33 | (1,867,980,227.02) |
| Allowance for impairment of fixed asset | (10,636,474.42) | (6,215,352.67) | 662,551.20 | - | - | (16,189,275.89) |
| Property, plant and equipment, net | 334,567,238.92 | | | | | 329,055,968.48 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| Baht | | | | | |
|---|--------------------------|-----------------|----------------|---------------------|--------------------|
| Consolidated financial statements | | | | | |
| Balance per book | Movement during the year | | | | Balance per book |
| as at December | Additions | Deduction | Transferred | Exchange | as at December |
| 31,2017 | | | in (out) | difference | 31, 2018 |
| | | | | on translating | |
| | | | | financial statement | |
| <u>At cost</u> | | | | | |
| Land | 11,918,116.03 | - | - | - | 11,918,116.03 |
| <u>Land improvement</u> | 9,312,909.51 | - | - | - | 9,312,909.51 |
| Building and building improvement | 372,333,886.41 | 22,579,118.32 | - | (1,947,285.95) | 396,014,743.58 |
| Machines and equipment | 1,344,974,998.57 | 1,674,181.98 | (118,228.08) | (2,619,398.51) | 1,341,110,576.77 |
| Utility system | 31,793,440.36 | 200,000.00 | - | - | 31,993,440.36 |
| Vehicles | 12,368,710.61 | - | (1,280,000.00) | (56,434.00) | 11,032,276.61 |
| Office equipment | 52,125,268.16 | 4,495,490.31 | (268,000.00) | (285,605.79) | 56,117,152.68 |
| Equipment and tools | 234,885,240.47 | 5,690,625.44 | (230,000.00) | - | 243,699,867.88 |
| Assets in progress | 12,762,314.99 | 54,193,324.36 | (141,465.81) | (3,652,049.58) | 63,162,123.96 |
| Total | 2,082,474,885.11 | 88,832,740.41 | (2,037,693.89) | (4,908,724.25) | 2,164,361,207.38 |
| <u>Accumulated depreciation</u> | | | | | |
| <u>Land improvement</u> | (7,595,435.73) | (237,610.95) | - | - | (7,833,046.68) |
| Building and building improvement | (230,519,363.90) | (13,436,692.45) | - | 152,672.61 | (243,803,383.74) |
| Machines and equipment | (1,243,171,170.07) | (25,934,828.79) | - | 1,594,708.91 | (1,267,511,289.95) |
| Utility system | (24,116,245.55) | (956,979.72) | - | - | (25,073,225.27) |
| Vehicles | (8,875,528.28) | (916,553.39) | 1,279,998.00 | 36,510.69 | (8,475,572.98) |
| Office equipment | (47,615,800.67) | (2,246,240.98) | 267,997.50 | 135,033.51 | (49,459,010.64) |
| Equipment and tools | (206,719,949.62) | (10,512,013.16) | 229,998.00 | - | (217,001,964.78) |
| Total | (1,768,613,493.82) | (54,240,919.44) | 1,777,993.50 | 1,918,925.72 | (1,819,157,494.04) |
| Allowance for impairment of fixed asset | (10,636,474.42) | - | - | - | (10,636,474.42) |
| Property, plant and equipment, net | 303,224,916.87 | | | | 334,567,238.92 |

| Baht | | | | | |
|---|--------------------------|-----------------|----------------|-----------------|--------------------|
| Separate financial statements | | | | | |
| Balance per book | Movement during the year | | | | Balance per book |
| as at December | Additions | Deduction | Transferred | | as at December |
| 31, 2018 | | | in (out) | | 31, 2019 |
| <u>At cost</u> | | | | | |
| Land | 143,593,595.93 | - | - | - | 143,593,595.93 |
| <u>Land improvement</u> | 9,312,909.51 | - | - | - | 9,312,909.51 |
| Building and building improvement | 338,312,802.57 | 1,036,685.76 | - | 1,674,864.48 | 341,024,352.81 |
| Machines and equipment | 887,966,121.90 | 202,350.00 | (712,769.02) | 8,345,933.68 | 895,801,636.56 |
| Utility system | 24,955,865.64 | 285,828.97 | - | - | 25,241,694.61 |
| Vehicles | 8,453,079.66 | - | - | - | 8,453,079.66 |
| Office equipment | 44,134,318.03 | 1,040,082.20 | (118,000.00) | - | 45,056,400.23 |
| Equipment and tools | 218,082,814.52 | 5,589,030.49 | (1,578,752.65) | 2,161,693.20 | 224,254,785.56 |
| Assets in progress | 67,028,327.91 | 44,426,532.87 | (823,053.39) | (12,182,491.36) | 98,449,316.03 |
| Total | 1,741,839,835.67 | 52,580,510.29 | (3,232,575.06) | - | 1,791,187,770.90 |
| <u>Accumulated depreciation</u> | | | | | |
| <u>Land improvement</u> | (7,833,046.68) | (237,611.08) | - | - | (8,070,657.76) |
| Building and building improvement | (201,156,816.24) | (11,745,761.84) | - | - | (212,902,578.08) |
| Machines and equipment | (824,933,963.77) | (20,689,394.87) | 712,699.00 | - | (844,910,659.64) |
| Utility system | (18,567,927.55) | (1,262,428.52) | - | - | (19,830,356.07) |
| Vehicles | (5,975,118.43) | (830,000.04) | - | - | (6,805,118.47) |
| Office equipment | (39,027,382.90) | (1,593,953.93) | 96,174.95 | - | (40,525,161.88) |
| Equipment and tools | (191,146,040.53) | (11,065,334.56) | 1,578,751.65 | - | (200,632,623.44) |
| Total | (1,288,640,296.10) | (47,424,484.84) | 2,387,625.60 | - | (1,333,677,155.34) |
| Allowance for impairment of fixed asset | (10,636,474.42) | (6,215,352.67) | 662,551.20 | - | (16,189,275.89) |
| Property, plant and equipment, net | 442,563,065.15 | | | | 441,321,339.67 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | Baht | | | |
|-------------------------------------|----------------------------------|----------------------|------------------------------|----------------------|
| | Consolidated financial statement | | Separate financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Depreciation for the year | | | | |
| Cost of sales | 46,753,358.69 | 48,367,902.11 | 45,363,135.79 | 46,861,197.45 |
| Selling and administrative expenses | 5,329,972.36 | 5,873,017.33 | 2,061,349.05 | 2,269,522.41 |
| Total | <u>52,083,331.05</u> | <u>54,240,919.44</u> | <u>47,424,484.84</u> | <u>49,130,719.86</u> |
| Gain (loss) from sale of assets | (793,086.50) | 28,971.60 | (775,669.34) | 153,765.46 |
| Loss on impairment of fixed asset | 5,552,801.47 | - | 5,552,801.47 | - |

The whole amount of land and building, some part of machineries and equipment of the Company and its subsidiaries were pledged as collateral against short-term from financial institutions. (Note 14 and 17)

As at December 31, 2019 and 2018, the Company and the subsidiary had building and equipment, which were the fully depreciated but they are still in use with value of Baht 1,583.61 million and Baht 1,455.50 million, respectively (for the Company's only amounting to Baht 1,106.52 million and Baht 978.86 million, respectively).

13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2019 and 2018, were summarized as follows :-

| | Baht | | | | |
|--|-----------------------------------|----------------------------------|--------------|--------------------|----------------|
| | Consolidated financial statements | | | | |
| | As at December | Income (expense) during the year | | Exchange | As at December |
| | 31, 2018 | In profit or loss | In other | difference | 31, 2019 |
| | | | comprehensiv | on translating | |
| | | | e income | financial statment | |
| Deferred tax assets : | | | | | |
| Allowance for doubtful accounts | 12,008,542.93 | (6,808,542.93) | - | - | 5,200,000.00 |
| Allowance for decline in value of obsolete | | | | | |
| stocks | 54,304,625.26 | (6,629,158.88) | - | - | 47,675,466.38 |
| Allowance for impairment of fixed asset | 2,127,294.88 | 1,110,560.30 | - | - | 3,237,855.18 |
| Employee benefit obligation | 18,501,197.27 | 6,144,422.52 | 1,142,769.70 | (12,759.57) | 25,775,629.92 |
| Loss carried forward on tax bases | 25,075,680.00 | (15,661,090.36) | - | (1,893,439.64) | 7,521,150.00 |
| Total | 112,017,340.34 | (21,843,809.35) | 1,142,769.70 | (1,906,199.21) | 89,410,101.48 |
| Deferred tax liabilities : | | | | | |
| Accelerated capital allowances for tax | | | | | |
| purposes | (220,854.05) | (213,808.29) | - | 9,038.31 | (425,624.03) |
| Total | (220,854.05) | (213,808.29) | - | 9,038.31 | (425,624.03) |
| Deferred tax assets (liabilities) , net | 111,796,486.29 | | | | 88,984,477.45 |

| | Baht | | | |
|---|-----------------------------------|----------------------------------|--|----------------|
| | Consolidated financial statements | | | |
| | As at December | Income (expense) during the year | | As at December |
| | 31, 2017 | In profit or loss | In other comprehensive income | 31, 2018 |
| | | | Exchange difference on translating financial statement | |
| Deferred tax assets : | | | | |
| Allowance for doubtful accounts | 15,208,542.93 | (3,200,000.00) | - | 12,008,542.93 |
| Allowance for decline in value of obsolete stocks | 51,766,835.95 | 2,537,789.31 | - | 54,304,625.26 |
| Allowance for impairment of fixed asset | 2,127,294.88 | - | - | 2,127,294.88 |
| Employee benefit obligation | 15,597,435.74 | 852,943.92 | 2,084,653.09 | 18,501,197.27 |
| Loss carried forward on tax bases | 29,590,400.02 | 3,230,582.17 | - | 25,075,680.00 |
| Total | 114,290,509.52 | 3,421,315.40 | 2,084,653.09 | 112,017,340.34 |
| Deferred tax liabilities : | | | | |
| Accelerated capital allowances for tax purposes | (1,354,307.70) | 1,015,037.28 | - | (220,854.05) |
| Total | (1,354,307.70) | 1,015,037.28 | - | (220,854.05) |
| Deferred tax assets (liabilities) , net | 112,936,201.82 | | | 111,796,486.29 |

For the years ended December 31, 2019 and 2018, the Company and its subsidiaries have reduced the carrying amount of deferred tax assets in the amount of Baht 43.05 million and Baht 8.56 million, respectively. (Note 26.2)

| | Baht | | |
|---|-------------------------------|----------------------------------|-------------------------------|
| | Separate financial statements | | |
| | As at December | Income (expense) during the year | |
| | 31, 2018 | In profit or loss | In other comprehensive income |
| Deferred tax assets : | | | |
| Allowance for doubtful accounts | 12,000,000.00 | (6,800,000.00) | - |
| Allowance for decline in value of obsolete stocks | 52,370,878.40 | (6,644,673.00) | - |
| Allowance for impairment of fixed asset | 2,127,294.88 | 1,110,560.30 | - |
| Employee benefit obligation | 17,833,974.71 | 6,032,975.29 | 1,082,904.22 |
| Total | 84,332,147.99 | (6,301,137.41) | 1,082,904.22 |

| | Baht | | |
|---|-------------------------------|----------------------------------|-------------------------------|
| | Separate financial statements | | |
| | As at December | Income (expense) during the year | |
| | 31, 2017 | In profit or loss | In other comprehensive income |
| Deferred tax assets : | | | |
| Allowance for doubtful accounts | 15,200,000.00 | (3,200,000.00) | - |
| Allowance for decline in value of obsolete stocks | 49,815,328.12 | 2,555,550.28 | - |
| Allowance for impairment of fixed asset | 2,127,294.88 | - | - |
| Employee benefit obligation | 15,461,903.04 | 346,581.32 | 2,025,490.35 |
| Total | 82,604,526.04 | (297,868.40) | 2,025,490.35 |

For the years ended December 31, 2019 and 2018, the Company and its subsidiaries have reduced the carrying amount of deferred tax assets in the amount of Baht 6.80 million and Baht 3.20 million, respectively. (Note 26.2)

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of :-

| | Baht | | | |
|-----------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Bank overdrafts | 16,516,630.13 | 29,278,517.70 | 16,516,630.13 | 29,278,517.70 |
| Trust receipts | 13,569,545.86 | 35,615,410.32 | 13,569,545.86 | 35,615,410.32 |
| Promissory note | 123,825,910.09 | 175,865,003.50 | 123,825,910.09 | 175,865,003.50 |
| Total | 153,912,086.08 | 240,758,931.52 | 153,912,086.08 | 240,758,931.52 |

The Company had credit facilities with a local commercial bank, as follows :-

| Types of credit limit | Interest rate (% per annum) | Million Baht | |
|--|--------------------------------|--------------|--------|
| | | 2019 | 2018 |
| (1) Bank overdrafts | MOR | 30.00 | 30.00 |
| (2) Letter of credit/trust receipt | MLR, MLR-0.50% | 110.00 | 60.00 |
| (3) Promissory note | MLR, MLR-0.50% | 220.00 | 150.00 |
| (4) Forward foreign exchange contracts | - | 10.00 | 10.00 |
| (5) Letter of guarantee | - | 10.00 | 10.00 |
| (6) Long-term loan (Note 17) | MLR-1.00% | 72.00 | - |
| Total | | 452.00 | 260.00 |

Above the credit limit were guaranteed by mortgage of land, buildings and structures and some part of machineries of the Company and its subsidiaries (Note 12), and director of the company.

15. TRADE ACCOUNT PAYABLE

Trade account payable classified by currency consisted of :-

| | Baht | | | |
|------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounts payable | 88,617,006.51 | 144,011,279.63 | 92,852,172.87 | 145,472,956.26 |
| Accrued expenses | 18,426,270.68 | 22,241,058.20 | 15,202,879.95 | 17,283,486.27 |
| Total | 107,043,277.19 | 166,252,337.83 | 108,055,052.82 | 162,756,442.53 |

Trade account payable classified by currency consisted of :-

| | Consolidated financial statements | | | |
|-----------------------------------|-----------------------------------|--------------|----------------|----------------|
| | Foreign currencies | | Baht | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable, domestic; | | | | |
| Baht | - | - | 94,216,704.00 | 150,260,024.33 |
| Trade accounts payable, oversea; | | | | |
| U.S. Dollars | 86,871.35 | 156,364.16 | 2,634,849.62 | 5,099,785.81 |
| Euro | 70,980.00 | - | 2,408,010.22 | - |
| Yuan | - | 174,660.00 | - | 835,538.51 |
| Yen | - | 1,825,000.00 | - | 541,957.48 |
| Rand | 3,622,185.00 | 4,249,869.00 | 7,783,713.35 | 9,515,031.70 |
| Total | | | 107,043,277.19 | 166,252,337.83 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | Separate financial statements | | | |
|-----------------------------------|-------------------------------|--------------|----------------|----------------|
| | Foreign currencies | | Baht | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable, domestic; | | | | |
| Baht | - | - | 103,012,192.98 | 156,279,160.73 |
| Trade accounts payable, oversea; | | | | |
| U.S. Dollars | 86,871.35 | 156,364.16 | 2,634,849.62 | 5,099,785.81 |
| Euro | 70,980.00 | - | 2,408,010.22 | - |
| Yuan | - | 174,660.00 | - | 835,538.51 |
| Yen | - | 1,825,000.00 | - | 541,957.48 |
| Total | | | 108,055,052.82 | 162,756,442.53 |

16. SHORT-TERM LOAN FROM RELATED PARTIES

The change in transaction of the short-term loan from related parties for the years ended December 31, 2019 and 2018 can be summarized as follows :-

| | Baht | | |
|---|-----------------------------------|-----------------------------|-----------------|
| | Consolidated financial statements | | |
| | As at December | Transaction during the year | |
| | 31, 2017 | Increase | Decrease |
| <u>Related person</u> | | | |
| Director | - | 1,406,000.00 | (1,406,000.00) |
| Total | - | 1,406,000.00 | (1,406,000.00) |
| | Baht | | |
| | Separate financial statements | | |
| | As at December | Transaction during the year | |
| | 31, 2018 | Increase | Decrease |
| <u>Related company</u> | | | |
| Thai Nam Automotive Performance Co., Ltd. | 5,000,000.00 | 19,400,000.00 | (24,400,000.00) |
| Total | 5,000,000.00 | 19,400,000.00 | (24,400,000.00) |
| | Baht | | |
| | Separate financial statements | | |
| | As at December | Transaction during the year | |
| | 31, 2017 | Increase | Decrease |
| <u>Related company</u> | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | 41,100,000.00 | (36,100,000.00) |
| Total | - | 41,100,000.00 | (36,100,000.00) |

Director

The subsidiary company has made a loan from the Company's director without entering into agreement and carrying mutual interest.

Thai Nam Automotive Performance Co.,Ltd.

The Company has made a loan from Thai Nam Automotive Performance Co.,Ltd. without entering into agreement and carrying mutual interest.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :-

| | | Baht | | | |
|---|--|-----------------------------------|----------|-------------------------------|----------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Long-term loans from financial institution | | 40,000,000.00 | - | 40,000,000.00 | - |
| <u>Less</u> Current portion due within one year | | (7,200,000.00) | - | (7,200,000.00) | - |
| Long-term loans, net | | <u>32,800,000.00</u> | <u>-</u> | <u>32,800,000.00</u> | <u>-</u> |

| No. | Year | Credit limit (Million) | | Withdrawn (million Baht) | | Interest rate | Monthly repayment schedule of principal and interest | Outstanding principal (Baht) | |
|-----|-------|------------------------|----------|--------------------------|----------|---------------|---|------------------------------|----------|
| | | 2019 | 2018 | 2019 | 2018 | (%) | | 2019 | 2018 |
| 1 | | | - | | - | MLR-0.10 | Installments in monthly of Baht | 40,000,000.00 | - |
| | 2019 | 72.00 | | 40.00 | | | 1,200,000.00 Within 66 months from the first withdrawn loan | | |
| | Total | <u>72.00</u> | <u>-</u> | <u>40.00</u> | <u>-</u> | | | <u>40,000,000.00</u> | <u>-</u> |

As at December 31, 2019 the Company has long-term loan limit with a local commercial bank were guaranteed by the mortgage of land, buildings and structures and some part of machineries of the Company and its subsidiaries (Note 12), and directors of the Company.

18. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements were consisted of :-

| | | Baht | | | |
|--|--|-----------------------------------|-------------------|-------------------------------|-------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Liabilities under finance lease agreements | | 663,573.00 | 1,202,295.00 | 663,573.00 | 1,202,295.00 |
| <u>Less</u> deferred interest | | (83,541.75) | (136,826.25) | (83,541.75) | (136,826.25) |
| | | 580,031.25 | 1,065,468.75 | 580,031.25 | 1,065,468.75 |
| <u>Less</u> current portion | | (302,625.00) | (522,000.00) | (302,625.00) | (522,000.00) |
| Liabilities under finance lease agreements - net | | <u>277,406.25</u> | <u>543,468.75</u> | <u>277,406.25</u> | <u>543,468.75</u> |

| | | Baht | | | | | |
|--------------|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Consolidated financial statements / Separate financial statements | | | | | |
| | | 2019 | | | 2018 | | |
| | | Principal | Deferred interest | Total | Principal | Deferred interest | Total |
| 1 - 5 years | | 277,406.25 | 39,954.75 | 317,361.00 | 543,468.75 | 81,602.25 | 625,071.00 |
| Over 5 years | | - | - | - | - | - | - |
| Total | | <u>277,406.25</u> | <u>39,954.75</u> | <u>317,361.00</u> | <u>543,468.75</u> | <u>81,602.25</u> | <u>625,071.00</u> |

As at December 31, 2019 and 2018, the Company has finance lease agreements of rental vehicles with 2 local leasing company in the total lease amount of Baht 1.85 million. Installments are due on a monthly basis over 48 months in monthly of Baht 0.05 million.

Under the term of the lease agreements, the Company shall have to comply with certain conditions and restrictions as specified in the lease agreements.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

19. EMPLOYEE BENEFIT OBLIGATIONS

The statements of financial position

| | Baht | | | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance | 96,518,027.63 | 82,509,414.65 | 89,169,873.57 | 77,309,515.21 |
| Benefits paid by the plan during the year | (10,261,499.00) | (5,019,905.19) | (8,193,299.00) | (4,907,713.77) |
| Past service costs and interest | | | | |
| - change a considered a post employment plan amendment | 25,664,389.54 | - | 23,632,086.02 | - |
| Current service costs and interest during the year | 9,832,675.74 | 7,273,740.42 | 9,173,837.06 | 6,640,620.37 |
| Transfer in provisions for employee benefits from subsidiaries | - | - | 5,552,252.34 | - |
| Actuarial (gains) losses | 5,713,848.48 | 11,754,777.75 | 5,414,521.09 | 10,127,451.76 |
| Ending balance | 127,467,442.39 | 96,518,027.63 | 124,749,271.08 | 89,169,873.57 |

Expense recognized in the statements of comprehensive income :-

| | Baht | | | |
|---|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Past service costs and interest | 25,664,389.54 | - | 23,632,086.02 | - |
| Transfer in employee benefits from subsidiaries | - | - | 5,552,252.34 | - |
| Current service costs | | | | |
| Cost of sales | 3,578,769.58 | 2,565,942.22 | 3,214,881.90 | 2,290,951.96 |
| Selling expense | 464,019.69 | 312,571.92 | 447,201.29 | 312,571.92 |
| Administrative expenses | 2,158,978.01 | 1,345,405.59 | 2,037,106.42 | 1,225,395.18 |
| Interest on obligation | 2,920,459.84 | 2,034,282.97 | 2,675,936.18 | 1,866,072.53 |
| Remeasurements of other long-term benefits | 710,448.62 | 1,015,537.72 | 798,711.27 | 945,628.78 |
| | 9,832,675.74 | 7,273,740.42 | 9,173,837.06 | 6,640,620.37 |
| Total | 35,497,065.28 | 7,273,740.42 | 38,358,175.42 | 6,640,620.37 |

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change is recognized past service costs as expenses in the income statement.

Actuarial losses

| | Baht | | | |
|------------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Actuarial losses arising from | | | | |
| Changes in demographic assumptions | (7,374.75) | 3,962,763.05 | (8,449.98) | 3,962,081.82 |
| Changes in financial assumptions | 8,996,669.92 | (372,396.26) | 8,660,493.26 | (55,306.11) |
| Experience adjustments | (3,275,446.69) | 8,164,410.96 | (3,237,522.19) | 6,220,676.05 |
| Total | 5,713,848.48 | 11,754,777.75 | 5,414,521.09 | 10,127,451.76 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 are summarized below :-

| | Baht | | | |
|------------------------|----------------------|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | | | | |
| 1% increase | (9,025,634.61) | (8,780,716.75) | (8,718,221.52) | (8,031,077.48) |
| 1% decrease | 10,441,875.71 | 10,097,231.04 | 10,076,929.21 | 9,227,494.94 |
| Salary increase rate | | | | |
| 1% increase | 9,952,066.36 | 9,140,756.50 | 9,629,170.62 | 8,355,662.69 |
| 1% decrease | (8,809,517.32) | (8,115,865.68) | (8,531,351.33) | (7,425,382.68) |
| Employee turnover rate | | | | |
| 20% increase | (3,838,365.74) | (4,169,502.04) | (3,749,384.56) | (3,790,294.68) |
| 20% decrease | 4,182,288.16 | 4,575,835.14 | 4,062,444.08 | 4,162,109.67 |

Principal actuarial assumptions at the reporting date

| | 2019 | | 2018 | |
|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Percentage | | Percentage | |
| | Consolidated | Separate | Consolidated | Separate |
| | financial statements | financial statements | financial statements | financial statements |
| Discount rate | 1.80 - 2.66 | 1.61 | 2.55 - 3.19 | 2.66 |
| Salary increase rate | 5.00 - 6.00 | 5.00 | 5.00 - 6.00 | 5.00 |
| Employee turnover rate | 0.96 - 22.92 | 1.43 - 17.19 | 0.96 - 22.92 | 1.43 - 17.19 |
| Disability rate | 5.00 of mortality rate | 5.00 of mortality rate | 5.00 of mortality rate | 5.00 of mortality rate |
| Mortality rate | 100.00 of Thai mortality table 2017 | 100.00 of Thai mortality table 2017 | 100.00 of Thai mortality table 2017 | 100.00 of Thai mortality table 2017 |

20. WARRANTS

At the Annual General Meeting of Shareholders of the Company for the year 2016, held on April 29, 2016, the shareholders approved the issuance of warrants for rights to purchase ordinary shares of the Company No.1 (TNPC-W1) by allocating to the Company's existing shareholders according to ratio of shareholding (Rights Offering Warrant) for the rate of 6 existing ordinary shares per 1 unit of warrant with free of charge which the total number is not exceeding 53,252,740 units and on July 11, 2016, the Company issued such warrants, details of which are as follows :-

| | |
|-----------------------|---|
| Type of warrant | : Warrants to purchase of ordinary shares of Thai Nam Plastic Public Company Limited Series#1 (TNPC-W1) |
| Type | : Transferable named certificate |
| Offering / Allocation | : Offered to existing shareholders |
| Amount of warrants | : 53,252,049 units |
| Offering price | : Baht 0 per unit |
| Terms of warrants | : 3 years from the issuing date |
| Exercise ratio | |
| Before adjustment | : 1 unit of warrant per new 1 ordinary share |
| After adjustment | : 1 unit of warrant per new 1.02 ordinary share |
| Exercise price | |
| Before exercise price | : 2.21 Baht per share |
| After exercise price | : 2.19 Baht per share |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | | |
|-------------------------------|---|--|
| The reason for adjustment | : | The Company shall adjust the exercise price and exercise ratio to ensure that the benefits of the Warrant Holders are not less than the existing status. The reasons for adjustment of this event are as follows; dividend payment rate is higher than the rate which is specified in term and condition |
| Effective date for adjustment | : | May 7, 2019 |
| Exercise period | : | To exercise the warrant every 6 month. The shareholders shall be able to exercise the warrants on the last business day of May and November of each year and the last exercise date is the date that the warrants are 3 years from the issuance date. |
| First exercise date | : | May 31, 2017 |
| Last exercise date | : | June 7, 2019 |

Movements of the Company's warrants during the year period as follows :-

| Warrant | Units | | | |
|---------|--|--|--|--|
| | Number of warrants outstanding as at December 31, 2018 | Number of warrants exercised during the year | Number of warrants maturity exercise during the year | Number of warrants outstanding as at December 31, 2019 |
| TNPC-W1 | 53,252,049 | (373) | (53,251,676) | - |
| Total | 53,252,049 | (373) | (53,251,676) | - |

The exercises warrant for the year ended December 31, 2019 and registration of share increasing for exercised warrants were summarized as follows :-

| Exercise date | Registration of share increasing date | Number of exercised warrant | Baht | | |
|---------------|---------------------------------------|-----------------------------|---|------------------------|--------|
| | | | Consolidated / Separated financial statements | | |
| | | | Share capital increase | Share premium accounts | Amount |
| June 7, 2019 | June 24, 2019 | 373 | 382.00 | 454.58 | 836.58 |

21. APPROPRIATION OF RETAINED EARNINGS

Legal reserve

Under the provision to the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5% of its net income after deduction accumulated deficit bought forward (if any), until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

For the year ended December 31, 2018, the Company appropriate of profits as a legal reserve in the total amount of Baht 1.02 million.

Dividend

Year 2019

At the Annual General Meeting of Shareholders of the Company for the year 2019, held on April 29, 2019, the shareholders approved the payment of dividends to the shareholders of the Company for the performance result of the fiscal year 2018, at the rate of Baht 0.04 per share, totaling Baht 12.78 million by the ordinary shares paid as dividends at the cash paid. The shareholders whose names appear in the Share Register as at May 8, 2019 shall be entitled to receive the dividends. The Company paid the dividends to the shareholders on May 24, 2019.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Year 2018

At the Annual General Meeting of Shareholders of the Company for the year 2018, held on April 27, 2018, the shareholders approved the payment of dividends to the shareholders of the Company for the performance result of the fiscal year 2017, at the rate of Baht 0.03 per share, totaling Baht 9.59 million by the ordinary shares paid as dividends at the cash paid. The shareholders whose names appear in the Share Register as at May 9, 2018 shall be entitled to receive the dividends. The Company will pay the dividends to the shareholders on May 25, 2018.

22. OPERATING SEGMENT

The Company and its subsidiaries operate in 2 main report by products operating segments in main geographical area, Thailand as follows :-

| Type of operating segment | Nature of operating segment |
|--|--|
| - Manufacturing of plastic parts of automobile industry group | Artificial leather and automobile rubber flooring |
| - Others-plastic parts of other industry group such as packaging manufacture industry and pharmaceutical, etc. | Various types of plastics both soft and rigid, rolls and plate |

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Details of financial information by segment operations for the year ended December 31, 2019 and 2018 were as follows :-

| | Baht | | | | | |
|-------------------------------|-----------------------------------|------------------|-----------------|-----------------|------------------|------------------|
| | Consolidated financial statements | | | | | |
| | Automobile industry group | | Others | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue from sales | 874,674,182.15 | 1,029,560,509.78 | 47,886,314.24 | 93,316,958.94 | 922,560,496.39 | 1,122,877,468.72 |
| Cost of sales | (715,413,288.96) | (757,075,951.57) | (54,634,797.35) | (99,476,131.59) | (770,048,086.31) | (856,552,083.16) |
| Gross profit (loss) | 159,260,893.19 | 272,484,558.21 | (6,748,483.11) | (6,159,172.65) | 152,512,410.08 | 266,325,385.56 |
| Selling expenses | (37,148,698.17) | (43,580,785.40) | (1,664,230.00) | (3,181,734.38) | (38,812,928.17) | (46,762,519.78) |
| Administrative expenses | (155,570,038.26) | (145,840,166.93) | (6,897,277.58) | (7,995,832.99) | (162,467,315.84) | (153,835,999.92) |
| Operating profit (loss) | (33,457,843.24) | 83,063,605.88 | (15,309,990.69) | (17,336,740.02) | (48,767,833.93) | 65,726,865.86 |
| Other income (other expenses) | | | | | (1,184,879.83) | (4,757,661.82) |
| Finance cost | | | | | (13,220,153.23) | (14,897,362.73) |
| Income tax expenses | | | | | (22,296,205.49) | (26,463,706.24) |
| Profit (loss) for the year | | | | | (85,469,072.48) | 19,608,135.07 |

Information about geographical areas

The Company and its subsidiaries' revenue from sales separated by geographical area for the years ended December 31, 2019 and 2018, were summarized as follows :-

| | Baht | |
|----------|-----------------------------------|------------------|
| | Consolidated financial statements | |
| | 2019 | 2018 |
| Domestic | 678,612,366.82 | 850,720,548.65 |
| Export | 243,948,129.57 | 272,156,920.07 |
| Total | 922,560,496.39 | 1,122,877,468.72 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Non-current assets of the Company and its subsidiaries separated by geographical area as at December 31, 2019 and 2018 were as follows :-

| | Baht | | | |
|-------------------------------|-----------------------------------|-----------------------|---------------------|---------------------|
| | Consolidated financial statements | | | |
| | Automobile industry group | | Others | |
| | 2019 | 2018 | 2019 | 2018 |
| Property, plant and equipment | | | | |
| - Thailand | 300,414,329.67 | 301,990,357.95 | 5,852,898.13 | 6,981,664.22 |
| - South Africa | 22,788,740.68 | 25,595,216.75 | - | - |
| | <u>323,203,070.35</u> | <u>327,585,574.70</u> | <u>5,852,898.13</u> | <u>6,981,664.22</u> |

Information about major customers

The Company and its subsidiaries' revenue from sales from their major customers for the years ended December 31, 2019 and 2018, were summarized as follows :-

| Type of customers | Baht | |
|---|-----------------------------------|----------------|
| | Consolidated financial statements | |
| | 2019 | 2018 |
| Domestic automobile parts manufacturing | 636,513,965.15 | 695,918,709.88 |
| Export automobile parts manufacturing | 160,745,173.78 | 217,823,058.28 |

23. RELATED PARTIES TRANSACTION

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The nature of relationship with related parties were summarized as follows :-

| Related parties | Relationship |
|---|---|
| <u>Subsidiary companies</u> | |
| Taweewattana Logistics Co., Ltd. | Shareholder and have common shareholder and director |
| Thai Nam Automotive Performance Co., Ltd. | Shareholder and have common shareholder and director |
| TNV Plastics (Proprietary) Limited | Shareholder and have common shareholder and director |
| <u>Indirect subsidiary company</u> | |
| T.N.P. Industry Co., Ltd. | Indirect shareholding by Taweewattana Logistics Co., Ltd and have common shareholder and director |
| <u>Related Company</u> | |
| Citric Acid Industry Co., Ltd. | Shareholder and have common shareholder and director |
| <u>Related person</u> | |
| Key management personnel | Persons having authority and responsibility for management |

The Company and its subsidiaries have pricing policy for transaction with related parties as follows :-

| Transactions | Pricing policies |
|----------------------------|---|
| Revenue from sales | - Thai Nam Automotive Performance Co., Ltd. and Taweewattana Logistics Co.,Ltd. : Market price - TNV Plastics (Proprietary) Limited : Cost plus 5 - 30 % profit - TNP Industry Co.,Ltd. : Cost plus 0 - 5% profit |
| Rental income and service | - Agreed price according to agreement |
| Others income | - Agreed price |
| Purchase products | - Market price |
| Loan receivable | - TNV Plastics (Proprietary) Limited : Prime rate plus 2% per annum - TNP Industry Co.,Ltd. : MLR per annum |
| Loan payable | - Thai Nam Automotive Performance Co., Ltd. : Without interest |
| Compensation to management | - According to be approved by director and/or shareholders |

Balances as at December 31, 2019 and 2018 with the related parties consisted of :-

| | Baht | | | |
|---|-----------------------------------|------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Assets</u> | | | | |
| Trade and other account receivable | | | | |
| Subsidiaries | | | | |
| Taweewattana Logistics Co., Ltd. | - | - | - | 228,520.66 |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 263,555.50 | 349,360.91 |
| TNV Plastics (Proprietary) Limited | - | - | 184,965,226.95 | 145,175,512.99 |
| T.N.P. Industry Co., Ltd. | - | - | 109,538,478.12 | 117,356,129.13 |
| Total | - | - | 294,767,260.57 | 263,109,523.69 |
| <u>Less</u> Allowance for doubtful debts | - | - | (205,222,169.37) | (175,865,138.02) |
| Net | - | - | 89,545,091.20 | 87,244,385.67 |
| Short-term loans to | | | | |
| Subsidiaries | | | | |
| T.N.P. Industry Co., Ltd. | - | - | 99,854,058.58 | 99,854,058.58 |
| TNV Plastics (Proprietary) Limited | - | - | 129,385,190.03 | 136,118,912.58 |
| Total | - | - | 229,239,248.61 | 235,972,971.16 |
| <u>Less</u> Allowance for doubtful accounts | - | - | (222,865,121.67) | (213,262,801.08) |
| Net | - | - | 6,374,126.94 | 22,710,170.08 |
| Accrued Interest | | | | |
| Subsidiaries | | | | |
| T.N.P. Industry Co., Ltd. | - | - | 76,769,453.57 | 76,769,453.57 |
| TNV Plastics (Proprietary) Limited | - | - | 16,880,866.00 | 18,180,633.05 |
| Total | - | - | 93,650,319.57 | 94,950,086.62 |
| <u>Less</u> Allowance for doubtful accounts | - | - | (93,650,319.57) | (94,950,086.62) |
| Net | - | - | - | - |
| <u>Liabilities</u> | | | | |
| Trade and other account payable | | | | |
| Subsidiaries | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 8,654,054.28 | 9,679,494.63 |
| T.N.P. Industry Co., Ltd. | - | - | 1,086,381.68 | 632,323.32 |
| TNV Plastics (Proprietary) Limited | - | - | 16,682.22 | - |
| Total | - | - | 9,757,118.18 | 10,311,817.95 |
| Short-term loans from | | | | |
| Subsidiaries | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | - | 5,000,000.00 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

Significant business transactions for the year ended December 31, 2019 and 2018 were, as follows :-

- Revenue and expenses between the Company and its subsidiaries which have been eliminated from consolidated financial statements.

| | Baht | | | |
|---|-----------------------------------|----------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Sale of goods | | | | |
| Subsidiaries | | | | |
| Taweewattana Logistics Co., Ltd. | - | - | 737,674.71 | 933,459.27 |
| Thai Nam Automotive Performance Co., Ltd. | - | - | - | 54,420.20 |
| TNV Plastics (Proprietary) Limited | - | - | 57,582,886.96 | 21,184,360.75 |
| T.N.P. Industry Co., Ltd. | - | - | 28,472,064.30 | 69,676,555.85 |
| Total | - | - | 86,792,625.97 | 91,848,796.07 |
| Rental income | | | | |
| Subsidiary | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 1,758,480.00 | 1,758,480.00 |
| T.N.P. Industry Co., Ltd. | - | - | 2,456,400.00 | 2,456,400.00 |
| Total | - | - | 4,214,880.00 | 4,214,880.00 |
| Other incomes | | | | |
| Subsidiaries | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 1,549,518.87 | 1,523,983.19 |
| T.N.P. Industry Co., Ltd. | - | - | - | 143,106.00 |
| Total | - | - | 1,549,518.87 | 1,667,089.19 |
| Sale of assets | | | | |
| Subsidiaries | | | | |
| TNV Plastics (Proprietary) Limited | - | - | - | 362,786.18 |
| Cost of sale (purchase of goods) | | | | |
| Subsidiaries | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 34,366.27 | 25,004.00 |
| T.N.P. Industry Co., Ltd. | - | - | 386,451.50 | 79,348.15 |
| Related Company | | | | |
| Citric Acid Industry Co., Ltd. | 71,410.00 | 5,720.00 | 71,410.00 | 5,720.00 |
| Total | 71,410.00 | 5,720.00 | 492,227.77 | 110,072.15 |
| Cost of sale (Manufacturing expenses) | | | | |
| Subsidiaries | | | | |
| Thai Nam Automotive Performance Co., Ltd. | - | - | 11,034,702.40 | 10,812,453.75 |
| T.N.P. Industry Co., Ltd. | - | - | 3,422,209.05 | 2,949,717.42 |
| Total | - | - | 14,456,911.45 | 13,762,171.17 |

- Expenses for director and key management personal

Expenses for director and management personal for years ended December 31, 2019 and 2018 were as follows :-

| | Baht | | | |
|-----------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Director remuneration | 1,680,000.00 | 1,800,000.00 | 1,680,000.00 | 1,800,000.00 |
| Management's benefits | | | | |
| Short-term employee benefit | 25,266,180.00 | 22,267,397.00 | 25,266,180.00 | 22,267,397.00 |
| Post-retirement benefits | 522,743.27 | 79,895.05 | 522,743.27 | 79,895.05 |
| Total | 27,468,923.27 | 24,147,292.05 | 27,468,923.27 | 24,147,292.05 |

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

24. EXPENSES BY NATURE

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

| | Baht | | | |
|--|----------------------------------|----------------|------------------------------|----------------|
| | Consolidated financial statement | | Separate financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Changed in inventories of finished goods and work in process | 55,365,097.26 | 3,999,746.77 | 55,798,341.38 | 10,145,294.28 |
| Raw materials and consumables used | 487,195,800.08 | 574,399,663.12 | 448,358,760.30 | 561,824,469.38 |
| Staff expenses | 294,485,253.49 | 269,436,530.57 | 260,899,730.70 | 227,624,879.66 |
| Depreciation and amortization charges | 52,083,331.05 | 54,240,919.44 | 48,578,701.49 | 50,284,936.52 |
| Electricity - Water supply | 30,817,933.82 | 32,530,766.14 | 25,613,996.92 | 25,867,300.79 |
| Bad debts and doubtful debts | 10,522,289.46 | - | 48,181,874.35 | 72,718,549.21 |
| Maintenance expense | 15,204,945.07 | 18,074,282.61 | 12,612,299.03 | 13,920,039.78 |

25. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act.

The Company's contributions for the years ended December 31, 2019 and 2018 were amounted to Baht 8.16 million and Baht 6.65 million (separate financial statements : Baht 7.88 million and Baht 6.17 million), respectively.

26. INCOME TAX EXPENSE (TAX INCOME)

26.1 Major component of income tax expense (tax income)

Major components of income tax expense (tax income) for the years ended December 31, 2019 and 2018 included :-

| | Baht | | | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Income tax expense shown in profit or loss : | | | | |
| Current tax expense: | | | | |
| Income tax expense for the year | 238,587.85 | 30,900,058.92 | - | 30,758,622.04 |
| Deferred tax expense (income): | | | | |
| Changes in temporary differences relating to the original recognition and reversal | 22,057,617.64 | (4,436,352.68) | 6,031,137.41 | 297,868.40 |
| Total | 22,296,205.49 | 26,463,706.24 | 6,031,137.41 | 31,056,490.44 |
| Income tax relating to components of other comprehensive income: | | | | |
| Actuarial gain (loss) | (1,142,769.70) | (2,084,653.09) | (1,082,904.22) | (2,025,490.35) |
| Total | (1,142,769.70) | (2,084,653.09) | (1,082,904.22) | (2,025,490.35) |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

26.2 A numerical reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rate

A numerical reconciliation between income tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2019 and 2018 which were summarized as follows:

| | Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting profit (loss) for the year | (63,172,866.99) | 46,071,841.31 | (86,892,295.83) | 51,535,459.84 |
| The applicable tax rate (%) | 20% | 20% | 20% | 20% |
| Tax expense (income) at the applicable tax rate | (12,634,573.40) | 9,214,368.26 | (17,378,459.17) | 10,307,091.97 |
| Reconciliation items: | | | | |
| Tax effect of expenses that are not deductible in determining tax profit: | | | | |
| - Expenses not allowed as expenses in determining taxable profit | 10,013,235.27 | 15,343,118.13 | 9,803,342.55 | 14,745,265.05 |
| Tax effect of income that are required in determining taxable profit: | | | | |
| - Interest income | 3,243,097.17 | 2,804,133.42 | 3,243,097.17 | 2,804,133.42 |
| The amount of previously unrecognized tax losses for a prior year that is used to reduce current tax expense | 7,628,458.48 | 20,895,380.80 | 3,833,156.86 | - |
| Effect on deferred tax from progressive tax rate | - | (25,706.52) | - | - |
| Effect on deferred tax from elimination | (13,596,268.48) | (22,491,948.62) | - | - |
| Revaluation of the deferred tax resulting from difference in tax rates | (2,567,105.79) | (7,840,577.38) | - | - |
| The amount of previously unrecognized tax losses for a Prior period that is used to reduce current tax expense | (12,838,633.36) | - | - | - |
| Deferred tax expense arising from the write-down of deferred tax asset | 43,047,995.60 | 8,564,938.15 | 6,800,000.00 | 3,200,000.00 |
| Total reconciliation items | 34,930,778.89 | 17,249,337.98 | 23,679,596.58 | 20,749,398.47 |
| Total tax expense | 22,296,205.49 | 26,463,706.24 | 6,301,137.41 | 31,056,490.44 |

As at December 31, 2019 and 2018, the Company and its subsidiaries had an accumulated loss (in tax) that was still unused in the amount of Baht 192.26 million and Baht 138.27 million, (separate financial statement in the amount of Baht 19.17 million and Baht 0.00 million), respectively. The Company and its subsidiaries did not record deferred tax assets from such loss because there was an uncertainty whether the Company and its subsidiaries would have enough profit to utilize the benefits from deferred tax assets or not.

26.3 A numerical reconciliation between tax average effective tax rate and the application tax rate

A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows :-

| | Consolidated financial statements | | | |
|--|-----------------------------------|-----------------|----------------------|-----------------|
| | 2019 | | 2018 | |
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit (loss) before tax expense for the year | (63,172,866.99) | | 46,071,841.31 | |
| Tax expense (income) at the applicable tax rate | (12,634,573.40) | 20.00 | 9,214,368.26 | 20.00 |
| Reconciliation items | 34,930,778.89 | (55.29) | 17,249,337.98 | 37.44 |
| Income tax expense at the average effective tax rate | 22,296,205.49 | (35.29) | 26,463,706.24 | 57.44 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | Separate financial statement | | | |
|--|------------------------------|-----------------|----------------------|-----------------|
| | 2019 | | 2018 | |
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit (loss) before tax expense for the year | (86,892,295.83) | | 51,535,459.84 | |
| Tax expense (income) at the applicable tax rate | (17,378,459.17) | 20.00 | 10,307,091.97 | 20.00 |
| Reconciliation items | 23,679,596.58 | (27.25) | 20,749,398.47 | 40.26 |
| Income tax expense at the average effective tax rate | 6,301,137.41 | (7.25) | 31,056,490.44 | 60.26 |

27. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year by the weighted average number of ordinary shares which are issued and paid-up during the year.

However, the Company did not include the warrant TNPC-W1 (Note 20) in calculating the diluted earnings (loss) per shares from warrant because the average share price during this year was lower than the exercise price.

| | Consolidated financial statement | | Separate financial statement | |
|---|----------------------------------|---------------|------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit (loss) for the year of parent company (Baht) | (85,469,072.48) | 19,608,135.07 | (93,193,433.24) | 20,478,969.40 |
| Weighted average number of ordinary shares (Shares) | 319,516,641 | 319,516,441 | 319,516,641 | 319,516,441 |
| Basic earnings (loss) per share (Baht per share) | | | | |
| Profit (loss) attributable to owners of the parent | (0.27) | 0.06 | (0.29) | 0.06 |

28. FINANCIAL INSTRUMENTS

28.1 Risk management

The Company and its subsidiaries manage their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

28.2 Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans and long-term and machine payable. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provided significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at December 31, 2019 and 2018, the significant financial assets and financial liabilities classified by types of interest rates were as follows :-

| | Baht | | | |
|--|-----------------------------------|------------------------|--------------------|----------------|
| | Consolidated financial statements | | | |
| | As at December 31, 2019 | | | |
| | Floating interest rate | Fixed interest rate | Interest - free | Total |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | 12,236,429.47 | - | 11,233,321.38 | 23,469,750.85 |
| Trade and other accounts receivable | - | - | 139,119,884.15 | 139,119,884.15 |
| <u>Financial liabilities</u> | | | | |
| Bank overdraft and short-term loans from financial institutions | 153,912,086.08 | - | - | 153,912,086.08 |
| Trade and other accounts payable | - | - | 107,043,277.19 | 107,043,277.19 |
| Long-term loan from financial institutions | 40,000,000.00 | - | - | 40,000,000.00 |
| Liabilities under a finance lease agreement | - | 580,031.25 | - | 580,031.25 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| Baht | | | | |
|--|---------------------------|------------------------|--------------------|----------------|
| Consolidated financial statements | | | | |
| As at December 31, 2018 | | | | |
| | Floating interest rate | Fixed interest rate | Interest - free | Total |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | 5,503,460.94 | - | 5,957,717.49 | 11,461,178.43 |
| Trade and other accounts receivable | - | - | 275,127,438.35 | 275,127,438.35 |
| <u>Financial liabilities</u> | | | | |
| Bank overdraft and short-term loans from financial institutions | 240,758,931.52 | - | - | 240,758,931.52 |
| Trade and other accounts payable | - | - | 166,252,337.83 | 166,252,337.83 |
| Long-term loan from financial institutions | - | 1,065,468.75 | - | 1,065,468.75 |

| Baht | | | | |
|--|---------------------------|------------------------|--------------------|----------------|
| Separate financial statements | | | | |
| As at December 31, 2019 | | | | |
| | Floating interest rate | Fixed interest rate | Interest - free | Total |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | 1,799.37 | - | 2,500,380.07 | 2,502,179.44 |
| Trade and other accounts receivable | - | - | 223,636,862.97 | 223,636,862.97 |
| <u>Financial liabilities</u> | | | | |
| Bank overdraft and short-term loans from financial institutions | 153,912,086.08 | - | - | 153,912,086.08 |
| Trade and other accounts payable | - | - | 108,055,052.82 | 108,055,052.82 |
| Long-term loan from financial institutions | 40,000,000.00 | - | - | 40,000,000.00 |
| Liabilities under a finance lease agreement | - | 580,031.25 | - | 580,031.25 |

| Baht | | | | |
|--|---------------------------|------------------------|--------------------|----------------|
| Separate financial statements | | | | |
| As at December 31, 2018 | | | | |
| | Floating interest rate | Fixed interest rate | Interest - free | Total |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalents | 1,254.10 | - | 2,087,874.42 | 2,089,128.52 |
| Trade and other accounts receivable | - | - | 350,217,903.71 | 350,217,903.71 |
| <u>Financial liabilities</u> | | | | |
| Bank overdraft and short-term loans from financial institutions | 240,758,931.52 | - | - | 240,758,931.52 |
| Trade and other accounts payable | - | - | 162,756,442.53 | 162,756,442.53 |
| Long-term loan from financial institutions | - | 1,065,468.75 | - | 1,065,468.75 |

28.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily relating to trade accounts receivable. The management of the Company and its subsidiaries manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

28.4 Foreign currency risk

The Company and its subsidiary companies incurred risk foreign currencies exchange due to the Company and its subsidiary companies constitutes cash at banks, trade accounts receivable, trust receipts and trade accounts payable in foreign currencies which the Company had hedged as they believed appropriate the foreign currencies risk using forward contract against risk on exchange rates. As of December 31, 2019 and 2018, the Company and its subsidiary has no outstanding foreign exchange contracts and constitutes foreign currencies assets and liabilities which mainly due within one year as follows :-

| | Baht | | | |
|-------------------------|-----------------------------------|--------------|-------------------------|--------------|
| | Consolidated financial statements | | | |
| | As at December 31, 2019 | | As at December 31, 2018 | |
| | Asset | Liabilities | Asset | Liabilities |
| <u>Foreign currency</u> | | | | |
| US Dollar | 916,390.46 | 149,862.07 | 3,038,009.98 | 222,938.02 |
| Euro | - | 70,980.00 | - | 222,527.60 |
| Singapore dollar | - | 516,031.40 | - | 1,047,134.72 |
| Yuan | - | - | - | 174,660.00 |
| Yen | - | - | - | 1,825,000.00 |
| Rand | 4,718,926.00 | 3,622,185.00 | 16,970.00 | 4,249,869.00 |

| | Baht | | | |
|-------------------------|-------------------------------|-------------|-------------------------|--------------|
| | Separate financial statements | | | |
| | As at December 31, 2019 | | As at December 31, 2018 | |
| | Asset | Liabilities | Asset | Liabilities |
| <u>Foreign currency</u> | | | | |
| US Dollar | 11,494,784.33 | 149,862.07 | 12,045,454.51 | 222,938.02 |
| Euro | 100,812.16 | 70,980.00 | 79,242.87 | 222,527.60 |
| Singapore dollar | - | 516,031.40 | - | 1,047,134.72 |
| Yuan | - | - | - | 174,660.00 |
| Yen | - | - | - | 1,825,000.00 |

28.5 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

28.6 Fair value

The carrying amount of financial assets and financial liabilities as presented in the statement of financial position are mostly bear floating interest rates or fixed interest rates which are close to market rate. The management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amount.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

| | Baht | | | | |
|---|-----------------------------------|-------------------------|----------------------|------------------------------|---|
| | Consolidated financial statements | | | | |
| | Balance | Cash flows | Non-cash transaction | | Balance |
| | as at January 1, 2019 | Increase (decrease)* | Increase | Acquisition of subsidiary | Differences on translation of financial |
| Short-term borrowings from financial institutions | 240,758,931.52 | (87,104,281.81) | - | - | 257,436.37 |
| Short-term borrowings from related parties | - | - | - | - | - |
| Long-term borrowings from financial institutions | - | 40,000,000.00 | - | - | - |
| Liabilities under a finance lease agreement | 1,065,468.75 | (485,437.50) | - | - | - |
| Total | 241,824,400.27 | (47,589,719.31) | - | - | 257,436.37 |

| | Baht | | | | |
|---|-----------------------------------|-------------------------|----------------------|------------------------------|---|
| | Consolidated financial statements | | | | |
| | Balance | Cash flows | Non-cash transaction | | Balance |
| | as at January 1, 2018 | Increase (decrease)* | Increase | Acquisition of subsidiary | Differences on translation of financial |
| Short-term borrowings from financial institutions | 216,976,022.42 | 23,960,241.58 | - | - | (177,332.48) |
| Short-term borrowings from related parties | - | - | - | - | - |
| Long-term borrowings from financial institutions | - | - | - | - | - |
| Liabilities under a finance lease agreement | 1,588,438.50 | (522,969.75) | - | - | - |
| Total | 218,564,460.92 | 23,437,271.83 | - | - | (177,332.48) |

| | Baht | | | | |
|---|-------------------------------|-------------------------|----------------------|------------------------------|---|
| | Separate financial statements | | | | |
| | Balance | Cash flows | Non-cash transaction | | Balance |
| | as at January 1, 2019 | Increase (decrease)* | Increase | Acquisition of subsidiary | Differences on translation of financial |
| Short-term borrowings from financial institutions | 240,758,931.52 | (87,104,281.81) | - | - | 257,436.37 |
| Short-term borrowings from related parties | 5,000,000.00 | (5,000,000.00) | - | - | - |
| Long-term borrowings from financial institutions | - | 40,000,000.00 | - | - | - |
| Liabilities under a finance lease agreement | 1,065,468.75 | (485,437.50) | - | - | - |
| Total | 246,824,400.27 | (52,589,719.31) | - | - | 257,436.37 |

บริษัทชั้นนำด้านผลิตภัณฑ์พลาสติกในประเทศไทย

The Leading Company for Plastic Products in Thailand

| | Baht | | | | | |
|---|-------------------------------|---------------|----------------------|----------------|----------------|----------------|
| | Separate financial statements | | | | | |
| | Balance | Cash flows | Non-cash transaction | | | Balance |
| | as at | Increase | Increase | Acquisition of | Differences | as at |
| | January 1, | (decrease)* | | subsidiary | on translation | December 31, |
| | 2018 | | | | of financial | 2018 |
| Short-term borrowings from financial institutions | 216,976,022.42 | 23,960,241.58 | - | - | (177,332.48) | 240,758,931.52 |
| Short-term borrowings from related parties | - | 5,000,000.00 | - | - | - | 5,000,000.00 |
| Long-term borrowings from financial institutions | - | - | - | - | - | - |
| Liabilities under a finance lease agreement | 1,588,438.50 | (522,969.75) | - | - | - | 1,065,468.75 |
| Total | 218,564,460.92 | 28,437,271.83 | - | - | (177,332.48) | 246,824,400.27 |

30. COMMITMENTS AND CONTINGENT LIABILITIES

30.1 Outstanding letters of credit

As at December 31, 2019 and 2018, the Company and its subsidiaries had commitments for the outstanding letters of credit amounting equivalent to Baht 3.77 million and equivalent to Baht 4.10 million (Separate financial statement amounting equivalent to Baht 3.77 million and equivalent to Baht 4.10 million), respectively.

30.2 Letter of guarantee

As at December 31, 2019 and 2018, the Company and its subsidiaries had contingent liabilities for the letter of guarantees issued by the bank in the total amount of Baht 5.80 million and Baht 5.24 million (Separate financial statement amount of Baht 4.60 million and Baht 4.04 million), respectively.

30.3 Commitment on capital expenditure

As at December 31, 2019 and 2018 the Company has commitment to pay under the purchase agreement with local companies totaled Baht 4.98 million and Baht 5.55 million. The Company has paid commitment under the terms of the agreement amounted Baht 2.31 million and Baht 2.20 million. The Company has an outstanding commitment under the agreement amounted Baht 2.35 million and Baht 3.35 million, respectively.

30.4 Service agreement

As at December 31, 2019 and 2018, the Company has commitment to pay under the Technical Consultancy Service contract with person totaled Baht 16.81 million and Baht 16.81 million. The Company has paid commitment under the agreement amounted Baht 7.04 million and Baht 5.04 million. The Company has an outstanding commitment under the agreement amounted Baht 9.77 million and Baht 11.77 million, respectively.

30.5 Operating lease agreements

As at December 31, 2019 and 2018, the overseas subsidiary company has minimum future rental payments under the land operating lease agreements as follow :-

| | Consolidated financial statements | | | |
|-----------------------------------|-----------------------------------|---------------|---------------|----------------|
| | 2019 | | 2018 | |
| | Rand | Baht | Rand | Baht |
| Payments payments | | | | |
| Within 1 year | 4,199,040.00 | 9,023,107.10 | 3,888,000.00 | 8,704,843.20 |
| Over 1 year and less than 5 years | 26,604,819.46 | 57,169,766.30 | 24,634,092.10 | 55,153,268.79 |
| More than 5 years | 39,091,208.21 | 84,001,142.77 | 45,260,975.58 | 101,334,798.23 |

31. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiaries is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2019, the Group's debt-to-equity ratio was 0.94 : 1 (as at December 31, 2018 was 0.90 : 1) and the Company's was 0.69 : 1 (as at December 31, 2018 was 0.70 : 1)

32. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's board of directors on February 28, 2020.



Address: 40 Mu 7, Petchkasem Rd. Km. 23 Omnoi, Kratumban, Samutsakorn 74130, Thailand

Tel.: (66 2) 119 3200 Fax: (66 2) 119 3233, 420 1827, 420 9967 Website: www.thainam.com