



Part 3

Financial Statement and Business Performance

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14. Financial information

14.1 Summary of financial statement tableA) Summary of the auditor's report

The Auditor has audited the Company's financial statements for the year ended December 31, 2019, 2018 and 2017, expressed the opinion that the financial statements reflect the financial position, performance and cash flows that are accurate as it should be in essence according to financial reporting standards.

B) Summary of financial statement table

Table 20. Summary of statement of financial position 2017 – 2019

Statement of financial position			
As at 31 December 2019, 2018, 2017			
			(Unit: Baht)
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets			
Cash and cash equivalents	334,927,417	179,060,948	354,117,160
Current investments	232,393,447	269,914,183	250,000,000
Trade and other receivables	323,804,202	290,126,355	285,855,652
Inventories	397,900,904	441,196,354	422,451,186
Other current assets	12,969,469	11,277,657	10,129,480
Total current assets	<u>1,301,995,439</u>	<u>1,191,575,497</u>	<u>1,322,553,478</u>
Non-current assets			
Investment property	43,140,261	43,140,261	43,140,261
Property, plant and equipment	815,805,120	783,958,204	564,148,528
Intangible assets	24,993,249	26,503,100	12,890,314
Deferred tax assets	7,339,286	5,781,446	5,343,546
Other non-current assets	13,418,513	13,350,629	13,351,062
Total non-current assets	<u>904,696,429</u>	<u>872,733,640</u>	<u>638,873,711</u>
Total assets	<u>2,206,691,868</u>	<u>2,064,309,137</u>	<u>1,961,427,189</u>

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Statement of financial position (Cont.)

As at 31 December 2019, 2018, 2017

(Unit: Baht)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	250,568,126	273,583,189	312,446,833
Accrued expenses	57,838,116	56,329,059	63,658,458
Current portion of liabilities under finance lease agreements	2,833,036	2,158,952	2,945,930
Accrued income tax	27,248,377	13,569,853	27,833,034
Other current liabilities	5,162,969	8,944,542	4,566,075
Total current liabilities	<u>343,650,624</u>	<u>354,585,595</u>	<u>411,450,330</u>
Non-current liabilities			
Liabilities under finance lease agreements - net of current portion	4,728,822	2,707,868	4,866,820
Provision for long-term employee benefits	49,995,395	42,106,565	37,796,858
Others non-current asset	-	-	293,630
Total non-current liabilities	<u>54,724,217</u>	<u>44,814,433</u>	<u>42,957,308</u>
Total liabilities	<u>398,374,841</u>	<u>399,400,028</u>	<u>454,407,638</u>
Shareholders' equity			
Share capital registered			
80,000,000 ordinary shares of Baht 1 each	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>
Issued and fully paid up			
80,000,000 ordinary shares of Baht 1 each	80,000,000	80,000,000	80,000,000
Share premium	136,800,000	136,800,000	136,800,000
Retained earnings			
Appropriated - statutory reserve	10,000,000	10,000,000	10,000,000
Unappropriated	<u>1,581,517,027</u>	<u>1,438,109,109</u>	<u>1,280,219,551</u>
Total shareholders' equity	<u>1,808,317,027</u>	<u>1,664,909,109</u>	<u>1,507,019,551</u>
Total liabilities and shareholders' equity	<u>2,206,691,868</u>	<u>2,064,309,137</u>	<u>1,961,427,189</u>

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Statement of comprehensive income
For the year ended 31 December 2019, 2018, 2017

(Unit: Baht)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Profit or loss:			
Revenues			
Sales	3,025,905,118	3,052,413,023	2,897,982,980
Other income	32,892,575	34,054,558	47,357,016
Total revenues	<u>3,058,797,693</u>	<u>3,086,467,581</u>	<u>2,945,339,996</u>
Expenses			
Cost of sales	2,424,630,529	2,468,734,074	2,321,826,391
Selling and distribution expenses	93,464,295	88,417,825	83,865,457
Administrative expenses	255,766,287	234,307,852	209,886,144
Total expenses	<u>2,773,861,111</u>	<u>2,791,459,751</u>	<u>2,615,577,992</u>
Profit before finance cost and income tax expenses	284,936,582	295,007,830	329,762,004
Finance cost	(1,861,607)	(1,495,271)	(1,312,300)
Profit before income tax expenses	283,074,975	293,512,559	328,449,704
Income tax expenses	(38,555,151)	(35,122,615)	(51,484,037)
Profit for the year	<u>244,519,824</u>	<u>258,389,944</u>	<u>276,965,667</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years</i>	(1,389,882)	(625,483)	(583,506)
Actuarial loss on defined employee benefit plans	277,976	125,097	116,701
Less: Income tax effect			
Other comprehensive income not to be reclassified to profit or loss in subsequent years - net of income tax	(1,111,906)	(500,386)	(466,805)
	<u>(1,111,906)</u>	<u>(500,386)</u>	<u>(466,805)</u>
Total comprehensive income for the year	<u>243,407,918</u>	<u>257,889,558</u>	<u>276,498,862</u>
Earnings per share			
Basic earnings per share			
Profit	<u>3.06</u>	<u>3.23</u>	<u>3.46</u>
Weighted average number of ordinary shares (shares)	80,000,000	80,000,000	80,000,000

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Statement of changes in shareholders' equity
For the year ended 31 December 2019, 2018, 2017

(Unit: Baht)

	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	80,000,000	136,800,000	10,000,000	1,117,160,689	1,343,960,689
Profit for the year	-	-	-	276,965,667	276,965,667
Other comprehensive income for the year	-	-	-	(466,805)	(466,805)
Total comprehensive income for the year	-	-	-	276,498,862	276,498,862
Dividend paid	-	-	-	(113,440,000)	(113,440,000)
Balance as at 31 December 2017	<u>80,000,000</u>	<u>136,800,000</u>	<u>10,000,000</u>	<u>1,280,219,551</u>	<u>1,507,019,551</u>
Balance as at 1 January 2018	80,000,000	136,800,000	10,000,000	1,280,219,551	1,507,019,551
Profit for the year	-	-	-	258,389,944	258,389,944
Other comprehensive income for the year	-	-	-	(500,386)	(500,386)
Total comprehensive income for the year	-	-	-	257,889,558	257,889,558
Dividend paid	-	-	-	(100,000,000)	(100,000,000)
Balance as at 31 December 2018	<u>80,000,000</u>	<u>136,800,000</u>	<u>10,000,000</u>	<u>1,438,109,109</u>	<u>1,664,909,109</u>
Balance as at 1 January 2019	80,000,000	136,800,000	10,000,000	1,438,109,109	1,664,909,109
Profit for the year	-	-	-	244,519,824	244,519,824
Other comprehensive income for the year	-	-	-	(1,111,906)	(1,111,906)
Total comprehensive income for the year	-	-	-	243,407,918	243,407,918
Dividend paid	-	-	-	(100,000,000)	(100,000,000)
Balance as at 31 December 2019	<u>80,000,000</u>	<u>136,800,000</u>	<u>10,000,000</u>	<u>1,581,517,027</u>	<u>1,808,317,027</u>

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Statement of cash flows

For the year ended 31 December 2019, 2018, 2017

(Unit: Baht)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities			
Profit before tax	283,074,975	293,512,559	328,449,704
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	98,594,594	77,433,357	61,525,730
Increase (decrease) in allowance for doubtful accounts	66,661	(5,617)	5,617
Increase (decrease) in reduction cost of inventories to net realisable value	2,273,574	651,643	(853,278)
Amortisation of discounts on current investments	(1,575,553)	(27,115)	-
Increase (decrease) in allowance for impairment loss on assets	-	(1,543,296)	4,540,421
Loss (gain) on disposals and write-off of property, plant and equipment	1,219,968	2,085,808	(2,913,340)
Unrealised gain on exchange	(382,850)	(144,903)	(1,101,576)
Provision for long-term employee benefits	17,441,989	4,865,920	4,076,390
Interest income	(6,665,150)	(7,021,947)	(7,084,717)
Interest expenses	237,165	234,322	105,410
Profit from operating activities before changes in operating assets and liabilities	394,285,373	370,040,731	386,750,361
Operating assets (increase) decrease:			
Trade and other receivables	(163,246,922)	(162,967,768)	(174,145,009)
Inventories	41,021,876	(19,396,811)	20,300,476
Other current assets	(1,691,812)	(1,148,177)	2,380,104
Other non-current assets	(67,884)	433	(189,203)
Operating liabilities increase (decrease):			
Trade and other payables	(2,908,767)	(56,253,061)	31,171,553
Accrued expenses	1,509,057	(7,329,399)	(3,794,344)
Other current liabilities	(3,781,573)	4,378,467	618,793
Other non-current liabilities	-	(293,630)	(328,970)
Cash flows from operating activities	265,119,348	127,030,785	262,763,761
Cash paid for interest expenses	-	(3,522)	(426)
Cash paid for corporate income tax	(24,694,341)	(49,698,599)	(65,546,954)
Cash paid for employee benefits	(10,943,041)	(1,181,696)	(300,200)
Cash received from VAT refundable	128,391,963	157,568,607	112,866,497
Net cash flows from operating activities	<u>357,873,929</u>	<u>233,715,575</u>	<u>309,782,678</u>

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Statement of cash flows (cont.)
For the year ended 31 December 2019, 2018, 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(MillionL Baht)		
Cash flows from investing activities			
Cash received from interest income	6,285,096	7,344,773	6,906,227
Cash paid for current investments	(490,903,710)	(549,887,069)	(644,920,670)
Cash received from refund of current investments	530,000,000	530,000,000	829,238,515
Cash paid for acquisitions of property, plant and equipment	(143,962,684)	(277,429,830)	(176,992,100)
Cash paid for acquisitions of intangible assets	(2,279,733)	(16,234,000)	(7,769,850)
Proceeds from disposals of investment property and equipment	1,739,783	642,222	3,582,966
Net cash flows from (used in) investing activities	<u>(99,121,248)</u>	<u>(305,563,904)</u>	<u>10,045,088</u>
Cash flows from financing activities			
Cash paid to settle liabilities under finance lease agreements	(2,540,940)	(2,945,930)	(1,873,076)
Cash paid for interest expenses	(237,165)	(230,800)	(104,984)
Dividend paid	(100,108,107)	(99,968,347)	(113,407,764)
Net cash flows used in financing activities	<u>(102,886,212)</u>	<u>(103,145,077)</u>	<u>(115,385,824)</u>
Net increase (decrease) in cash and cash equivalents	<u>155,866,469</u>	<u>(174,993,406)</u>	<u>204,441,942</u>
Cash and cash equivalents at beginning of year	179,060,948	354,117,160	149,783,055
Effect of change in foreign exchange rate on cash at bank balance	-	(62,806)	(107,837)
Cash and cash equivalents at end of year	<u>334,927,417</u>	<u>179,060,948</u>	<u>354,117,160</u>
Supplemental disclosures of cash flows information:			
Non-cash related transactions			
Accounts payable for acquisitions of property, plant and equipment	2,970,411	22,557,395	4,180,673
Acquisitions of assets under finance lease agreement	5,235,978	-	5,726,406
Dividend payables	4,703,462	4,811,569	4,779,916

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14.2 Financial Ratios

Table 21: Financial ratios table for the year ended 31 December 2019, 2018 and 2017.

Description	Unit	2019	2018	2017
<u>Liquidity Ratio</u>				
Current Ratio	Times	3.79	3.36	3.21
Quick Ratio	Times	2.57	2.03	2.09
Cash Ratio	Times	1.03	0.61	0.77
Account Receivable Turnover	Times	10.31	11.56	12.44
Average Collection Period	Days	35.00	31.00	29.00
Inventory Turnover	Times	5.78	5.70	5.37
Holding period	Days	63.00	63.00	67.00
Account Payable Turnover	Times	10.79	9.39	8.11
Payment Period	Days	34.00	38.00	44.00
Cash cycle	Days	65.00	56.00	52.00
<u>Profitability Ratio</u>				
Gross Profit Margin	%	19.87	19.37	19.88
Operating Profit Margin	%	9.42	9.66	11.38
Others Profit Margin	%	1.08	1.10	1.61
Liquidity of Cash Flow form Operation	%	125.60	79.22	93.94
Net Profit Margin	%	7.99	8.37	9.40
Return on Equity	%	14.08	16.29	19.43
<u>Efficiency Ratio</u>				
Return on assets	%	11.45	12.84	14.82
Return on Fixed Asset	%	39.49	45.57	60.63
Total Assets Turnover	Times	1.43	1.53	1.58
<u>Financial Ratio</u>				
Debt to equity ratio	Times	0.22	0.24	0.30
Interest coverage ratio	Times	213.08	179.95	275.37
Leverage Ratio	Times	0.48	0.25	0.33
Dividend Payout	%	N/A	38.70	36.11

Remark: Dividend payout for 2019 will be subject to the resolution of the 2020 annual general meeting of shareholders which will be held in April, 2020

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15. Management Discussion and Analysis for 2019

A) Results of Operations

The net profit after tax for the year 2019 was THB 244.5 million which decreased by THB 13.9 million or 5.4% compared to the year 2018. Earnings per share was THB 3.06, less than last year by THB 0.17 mainly because of the below factors:

- Overall sales decreased by 0.9% compared to last year were followings:
 - Export revenue decreased from straw product totaling THB 91.0 million because of single-use plastics ban. The Company shifted focus to non single-use plastics and our own “SUN” brand. More of SUN brand e.g. SUNMUM was penetrating to various countries. In addition, we developed new products to fulfill the changing needs and were expanding new customer base. All of these efforts reflected in growth in 2nd half revenue of bag and other products from 2018 totaling THB 62.4 million.
 - Domestic revenue increased from straw products despite of a nationwide revolt against plastic. The Company heavily did research and development on green products and composable products in terms of cost and shelf life in order to support the changing market trend.

The Company put more emphasize on promoting our own brands “SUN” namely SUNMUM, SUNBIO, Fresh&Fresh and other SUNPRODUCTS as well as continuously improves product design and functionality, for example Term Boon zipper bag. Another strategy in 2019 was more marketing activities through both digital channel (e.g. social media, facebook) and conventional way (e.g. trade fair) in order to improve brand awareness and cover change in consumer behavior as well.

Overall, sales of green products and composable products, including bags and straws significantly increased 4 times from 2018 but took small proportion to total sales.

- The Company's overall expenses decreased by 0.63% compared to the year 2018, mainly due to cost of sales which decreased by 1.8%. Raw material prices slightly declined and with our continuous orders from customer, the Company can manage production more efficiently, resulting in lower cost of sales.

Selling and distribution and administrative expenses increased by 7.6% compared to the year 2018, mainly due to the depreciation of fixed assets and selling expenses.

- Gross profit margin for the year 2019 was 19.9% while 19.3% in year 2018. The increased came from lower cost as mention earlier.

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B) Financial position

Assets

As of December 31, 2019, company's total assets were THB 2,206.7 million, increased from December 31, 2018 by THB 142.4 million or 6.5%. Significant changes in assets were followings;

1.) Total current assets were THB 1,302.0 million, increased by THB 110.4 million or 8.5% due to.

1.1 Cash and cash equivalents increased by THB 155.9 million or 46.5% compared to December 31, 2018. mainly come from last year we spend a lot on investment in fixed asset such as warehouse and machineries that we spend more than this year about THB 133.5 million, resulting in increased cash and cash equivalents.

1.2 Trade and others receivables increased by THB 33.7 million or 10.4% mainly from increase in sales during last quarter of the year.

2.) Non-current assets totaled THB 904.7 million, increased from December 31, 2018 amount of THB 32.0 million or 3.5%, resulting from investments in fixed assets (machinery and infrastructure) by THB 31.8 million or 3.9% of total current assets increased.

Liabilities and Shareholders' Equity

As of December 31, 2019, company's total liabilities were THB 398.4 million, increased from December 31, 2018 amount of THB 1.0 million or 0.3% mainly from trade and other payables which decreased by THB 23.0 million or 9.2%.

Shareholders' equity as of December 31, 2019 was THB 1,808.3 million, increased by THB 143.4 million or 7.9% compared to December 31, 2018 totally added up from the comprehensive income for the year 2019, less dividends paid.

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Report of the Board of Director's Responsibilities for Financial Statement

The Board of Director of The Thantawan Industry Public Company Limited responsible for the financial statement of the Company which have been prepared in accordance with the Financial Reporting Standards in Thailand under the Accounting Act B.E.2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Accounting Policies pursued and deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements. The external auditor has audited the financial statements and expressed an opinion in the auditor's report.

The Board of Director has provided appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Director has appointed an Audit Committee to be responsible for reviewing the accounting policy financial reports, review internal controls, internal audit. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company have been examined by an external auditor, Dharmniti Auditing co., Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Director believes that the Company's overall internal control system is sufficiently effective to ensure the integrity and reliability of Thantawan Industry Public Company Limited financial statements for the year ended December 31, 2019. The Board of Director also believes that all these financial statements have been prepared in accordance with Financial Reporting Standard and related regulations.



Mr. Prisun Wongsmit

Chairman of the Board of Director

Thantawan Industry Public Company Limited

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