

Thai Plaspac Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Thai Plaspac Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thai Plaspac Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Plaspac Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Plaspac Public Company Limited and its subsidiaries and of Thai Plaspac Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

My opinion is not modified in respect of this matters. I draw attention to the following Note to the consolidated financial statements as follows.

- a) As described in Note 2.2.1 to consolidated financial statements related to business combination, on 1 June 2021, the Company paid the initial consideration to group of sellers by 92.5% of the initial purchase price to acquire of 80% shares of Combi-Pack Sdn Bhd, a limited Company registered in Malaysia, amounting to MYR 122.6 million or Baht 928.4 million for 1.6 million ordinary shares with a par value of MYR 1 each, whereby Mr. Chow Chee Yut is the remaining shareholder of 20% shares. The Company will pay the remaining 6% and 1.5% of the initial purchase price on the date as stated in the agreements. The Company already recognised investment in a subsidiary and account payable for purchasing of shares by 7.5% of the initial purchase price or approximately MYR 9.9 million in the statement of financial position. On 23 September 2021, the Company paid the additional consideration to group of sellers amounting to MYR 1.2 million or Baht 9.5 million as a result of the adjustment of the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement.

During the fourth quarter of the year 2021, the Company's management has completed the process of assessing the fair value of the identified assets acquired and liabilities assumed and goodwill at acquisition date, including the valuation of liabilities associated with put options granted to holders of non-controlling interests, within evaluation period of 12 months from acquisition date according to Thai Financial Reporting Standard No. 3 (revised 2020) "Business combination".

- b) As described in Note 2.2.2, Note 13, and Note 38.1 to consolidated financial statements related to new subsidiary, TPAC Packaging India II Private Limited. On 30 December 2021, the Company's Board of Directors' Meeting No. 8/2021 approved TPAC Packaging India II Private Limited to acquire M/s Skypet Polymers, a partnership firm registered in India, and incorporated in plastic containers manufacturing and distribution business with the total considerations and expenses for this transaction not exceed INR 1,030 million or Baht 484.1 million. On 31 December 2021, both subsidiaries entered into the Sale and Purchase Agreement and the Shareholders Agreement between both subsidiaries and group of sellers. The subsidiaries have to comply with specified terms and conditions as stated in the agreements.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition

The Group has entered into a number of agreements and there are a variety of conditions in these agreements. Revenues are the key performance indicator to which users of financial statements pay attention. I have therefore considered the revenue recognition as key audit matter and focused on the audit of occurrence and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting samples to test the operation of the Group's designed significant controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement of the Group, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, or send audit confirmation letter.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Business combination

As described in Note 2.2.1 to consolidated financial statements, on 1 June 2021, the Company paid the initial consideration to group of sellers by 92.5% of the initial purchase price to acquire of 80% shares of Combi-Pack Sdn Bhd, a limited Company registered in Malaysia, amounting to MYR 122.6 million or Baht 928.4 million for 1.6 million ordinary shares with a par value of MYR 1 each, whereby Mr. Chow Chee Yut is the remaining shareholder of 20% shares.

The Company will pay the remaining 6% and 1.5% of the initial purchase price on the date as stated in the agreements. The Company already recognised investment in a subsidiary and account payable for purchasing of shares by 7.5% of the initial purchase price or approximately MYR 9.9 million in the statement of financial position. On 23 September 2021, the Company paid the additional consideration to group of sellers amounting to MYR 1.2 million or Baht 9.5 million as a result of the adjustment of the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement.

The Company's management has completed the process of assessing the fair value of the identified assets acquired and liabilities assumed and goodwill during the year. The management needs to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed. I therefore determined as a key audit matter by focusing on this business acquisition.

I examined the business combination by reviewing the terms and conditions of the share purchase agreement and inquired with management as to the nature and objectives of the acquisition. In addition, I checked the value of the acquisition with supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities, and evaluating the expertise, ability and integrity of the independent valuation specialist. I also reviewed the components of the financial model, comparing significant assumptions with the subsidiary's historical information and related companies in the same industry, and testing of the calculation of the fair value and reviewing the disclosures related to the business combination in the note to consolidated financial statements.

Goodwill

As described in Note 15 to consolidated financial statements, goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. I have focused my audit on the consideration of impairment of goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in using the financial model to calculate the realisable values and in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding and assessing the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets and discount rate. I inquired responsible executives and evaluated through analysis with the Group's information and of the related companies in industry. I tested the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets. I also compared past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections, and tested the calculation of the expected recoverable value of the assets according to the financial model.

Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

I am responsible for the audit resulting in this independent auditor's report.



Orawan Techawatanasirikul

Certified Public Accountant (Thailand) No. 4807

EY Office Limited

Bangkok: 25 February 2022

Thai Plaspac Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets					
Current assets					
Cash and cash equivalents	7	393,779,874	195,614,919	10,734,195	5,893,697
Trade and other receivables	6, 9	1,238,717,457	826,037,939	491,743,547	394,389,684
Short-term loans to related party	6	-	-	7,000,000	-
Inventories	10	579,166,771	415,744,378	182,640,879	120,910,680
Advance payment for purchasing of raw materials		14,329,055	8,075,614	-	-
Other current financial assets	8	2,417,040	409,994	-	164,534
Other current assets	11	82,504,757	115,168,614	39,898,581	37,784,030
Total current assets		2,310,914,954	1,561,051,458	732,017,202	559,142,625
Non-current assets					
Restricted bank deposits	12	17,904,000	23,236,880	-	-
Other non-current financial assets	8	351,076	2,267,365	-	-
Investments in subsidiaries	13	-	-	3,574,000,254	2,560,744,399
Property, plant and equipment	14	2,138,674,041	1,476,101,455	387,573,198	453,733,563
Right-of-use assets	23	190,576,738	85,861,164	2,676,313	3,381,859
Goodwill	15	1,639,737,034	1,001,817,144	-	-
Intangible assets	16	618,990,903	353,498,806	3,817,706	4,254,368
Deferred tax assets	29	10,298,514	8,924,645	10,298,514	8,924,645
Withholding tax deducted at source	17	70,356,926	93,219,177	70,356,926	93,200,804
Advance payment for purchasing of molds		63,771,306	49,949,640	56,947,179	49,145,916
Assets associated with call options granted					
by holders of non-controlling interests	24	6,410,299	8,839,787	6,410,299	8,839,787
Other non-current assets		58,893,028	58,696,636	4,527,315	21,386,609
Total non-current assets		4,815,963,865	3,162,412,699	4,116,607,704	3,203,611,950
Total assets		7,126,878,819	4,723,464,157	4,848,624,906	3,762,754,575

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from banks	18	751,056,077	515,341,780	660,619,026	468,192,021
Trade and other payables	6, 19	618,992,929	358,953,593	319,266,538	179,012,644
Current portion of long-term loans from banks	21	256,612,109	165,249,118	189,273,817	165,249,118
Current portion of debentures	22	-	76,024,879	-	-
Current portion of lease liabilities	23	13,797,059	7,006,413	1,646,635	1,884,918
Income tax payable		23,585,193	12,827,196	9,926,294	12,827,196
Other current financial liabilities	8	23,405	-	23,405	-
Other current liabilities	20	98,249,696	36,982,436	44,893,254	17,372,545
Total current liabilities		1,762,316,468	1,172,385,415	1,225,648,969	844,538,442
Non-current liabilities					
Long-term loans from banks, net of current portion	21	1,980,297,617	792,652,610	1,482,927,641	792,652,610
Debentures, net of current portion	22	-	390,306,813	-	-
Lease liabilities, net of current portion	23	175,129,021	80,908,189	1,105,665	1,575,912
Liabilities associated with put options granted to holders of non-controlling interests	24	289,544,404	-	289,544,404	-
Deferred tax liabilities	29	356,281,262	95,575,384	-	-
Provision for long-term employee benefits	25	79,557,106	70,898,147	47,919,397	41,218,115
Total non-current liabilities		2,880,809,410	1,430,341,143	1,821,497,107	835,446,637
Total liabilities		4,643,125,878	2,602,726,558	3,047,146,076	1,679,985,079

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries



Statement of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Shareholders' equity					
Share capital					
Registered					
326,550,000 ordinary shares of Baht 1 each		326,550,000	326,550,000	326,550,000	326,550,000
Issued and paid-up					
326,549,999 ordinary shares of Baht 1 each		326,549,999	326,549,999	326,549,999	326,549,999
Premium on ordinary shares		1,026,968,920	1,026,968,920	1,026,968,920	1,026,968,920
Excess from change in ownership interest					
in the subsidiary		20,034,929	20,034,929	-	-
Retained earnings					
Appropriated - statutory reserve	26	32,655,000	32,655,000	32,655,000	32,655,000
Unappropriated		680,963,828	912,545,432	415,304,911	696,595,577
Other components of shareholders' equity		46,160,074	(257,076,512)	-	-
Equity attributable to owners of the Company		2,133,332,750	2,061,677,768	1,801,478,830	2,082,769,496
Non-controlling interests of the subsidiaries		350,420,191	59,059,831	-	-
Total shareholders' equity		2,483,752,941	2,120,737,599	1,801,478,830	2,082,769,496
Total liabilities and shareholders' equity		7,126,878,819	4,723,464,157	4,848,624,906	3,762,754,575

The accompanying notes are an integral part of the financial statements.



 Directors



Thai Plaspac Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Sales	6	5,193,991,951	3,982,783,037	1,668,479,685	1,528,602,422
Other income	6	58,566,522	50,675,170	105,302,435	42,085,946
Gain on exchange		-	6,199,526	-	652,111
Total revenues		<u>5,252,558,473</u>	<u>4,039,657,733</u>	<u>1,773,782,120</u>	<u>1,571,340,479</u>
Expenses					
Cost of sales	6	4,189,788,193	3,025,347,897	1,384,006,591	1,159,572,586
Selling and distribution expenses		169,321,321	180,352,709	39,352,170	41,258,488
Administrative expenses	6	366,133,861	292,466,785	170,685,617	147,747,255
Loss on exchange		3,155,553	-	5,146,556	-
Total expenses		<u>4,728,398,928</u>	<u>3,498,167,391</u>	<u>1,599,190,934</u>	<u>1,348,578,329</u>
Profit from operating activities		<u>524,159,545</u>	<u>541,490,342</u>	<u>174,591,186</u>	<u>222,762,150</u>
Finance cost	27	(137,156,419)	(105,340,519)	(61,715,499)	(34,028,706)
Profit before income tax expenses		<u>387,003,126</u>	<u>436,149,823</u>	<u>112,875,687</u>	<u>188,733,444</u>
Income tax expenses	29	(211,631,501)	(82,863,919)	(9,269,350)	(32,720,320)
Profit for the year		<u>175,371,625</u>	<u>353,285,904</u>	<u>103,606,337</u>	<u>156,013,124</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		325,332,401	16,937,295	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>325,332,401</u>	<u>16,937,295</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		462,884	(1,270,875)	-	-
Less: Income tax effect	29	(8,843)	397,545	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>454,041</u>	<u>(873,330)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>325,786,442</u>	<u>16,063,965</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>501,158,067</u>	<u>369,349,869</u>	<u>103,606,337</u>	<u>156,013,124</u>

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit attributable to:					
Equity holders of the Company		152,938,568	321,979,451	103,606,337	156,013,124
Non-controlling interests of the subsidiaries		22,433,057	31,306,453		
		<u>175,371,625</u>	<u>353,285,904</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		456,551,985	338,086,857	103,606,337	156,013,124
Non-controlling interests of the subsidiaries		44,606,082	31,263,012		
		<u>501,158,067</u>	<u>369,349,869</u>		
Earnings per share	30				
Basic earnings per share					
Equity holders of the Company		<u>0.47</u>	<u>0.99</u>	<u>0.32</u>	<u>0.48</u>

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2021

Separate financial statements							(Unit: Baht)
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Total	
			Appropriated - Statutory reserve	Unappropriated			
Balance as at 1 January 2020		326,549,999	1,026,968,920	28,605,000	585,451,203	1,967,575,122	
Profit for the year		-	-	-	156,013,124	156,013,124	
Other comprehensive income for the year		-	-	-	-	-	
Total comprehensive income for the year		-	-	-	156,013,124	156,013,124	
Dividend paid	6, 33	-	-	-	(40,818,750)	(40,818,750)	
Transfer of unappropriated retained earnings to statutory reserve	26	-	-	4,050,000	(4,050,000)	-	
Balance as at 31 December 2020		326,549,999	1,026,968,920	32,655,000	696,595,577	2,082,769,496	
Balance as at 1 January 2021		326,549,999	1,026,968,920	32,655,000	696,595,577	2,082,769,496	
Profit for the year		-	-	-	103,606,337	103,606,337	
Other comprehensive income for the year		-	-	-	-	-	
Total comprehensive income for the year		-	-	-	103,606,337	103,606,337	
Dividend paid	6, 33	-	-	-	(95,352,599)	(95,352,599)	
Liabilities associated with put options granted to holders of non-controlling interests	24	-	-	-	(289,544,404)	(289,544,404)	
Balance as at 31 December 2021		326,549,999	1,026,968,920	32,655,000	415,304,911	1,801,478,830	

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	387,003,126	436,149,823	112,875,687	188,733,444
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	427,998,698	320,954,179	135,202,956	130,615,818
Loss from fair value measurement of assets associated with call options granted by holders of non-controlling interests	2,429,488	-	2,429,488	-
Allowance for expected credit losses (reversal)	(919,781)	2,263,831	(206,040)	326,368
Reduction (reversal) of inventories to net realisable value	2,226,024	(232,830)	(115,168)	1,467,458
Allowance for impairment loss on assets	-	3,798,727	-	-
Loss (gain) on disposals/write-off of machinery and equipment	(225,468)	(1,111,278)	(144,331)	347,094
Long-term employee benefits expenses	15,182,938	17,634,871	8,058,069	7,265,803
Unrealised loss (gain) on exchange rate	6,026,404	85,413	5,391,933	(255,975)
Loss (gain) from fair value measurement of forward exchange contracts	187,939	(164,534)	187,939	(164,534)
Amortisation of financial fees	15,107,107	8,792,489	2,054,800	957,692
Dividend income	-	-	(53,032,998)	-
Interest income	(6,209,409)	(5,252,580)	(53,084)	(80,870)
Finance cost	122,049,312	96,548,030	59,660,699	33,071,014
Profit from operating activities before changes in operating assets and liabilities	970,856,378	879,466,141	272,309,950	362,283,312
Operating assets (increase) decrease				
Trade and other receivables	(288,600,998)	(44,403,905)	(97,246,768)	(36,436,684)
Inventories	(37,857,233)	(128,052,047)	(61,615,031)	(18,125,496)
Other current assets	(43,665,062)	33,647,015	(38,085,957)	(34,503,217)
Other non-current assets	(5,089,201)	(41,567,523)	9,307,172	(33,193,375)
Operating liabilities increase (decrease)				
Trade and other payables	111,028,136	79,833,797	50,032,559	34,736,860
Other current liabilities	55,616,549	12,744,188	28,561,140	4,683,937
Provision for long-term employee benefits	(8,166,766)	(8,658,053)	(1,356,787)	(2,758,865)
Cash flows from operating activities	754,121,803	783,009,613	161,906,278	276,686,472
Cash receipt from refund of withholding tax deducted at source	22,594,737	-	22,594,737	-
Corporate income tax paid	(52,569,694)	(21,028,082)	(14,584,553)	(21,027,609)
Net cash flows from operating activities	724,146,846	761,981,531	169,916,462	255,658,863

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Short-term loans to related party	-	-	(7,000,000)	-
Proceeds from sales of machinery and equipment	11,600,523	4,445,800	144,364	275,234
Proceeds from sales of asset held for sale	57,274,000	-	-	-
Acquisition of building, machinery and equipment	(337,418,164)	(312,963,296)	(20,374,549)	(109,693,267)
Acquisition of intangible assets	(983,957)	(439,072)	(440,000)	(326,160)
Cash paid for investments in subsidiaries	(893,493,069)	-	(937,977,621)	(481,886,648)
Decrease (increase) in other current financial assets	(2,148,480)	55,310,722	-	-
Decrease (increase) in other non-current financial assets	2,129,668	6,690,804	-	-
Interest received	6,209,409	5,252,580	53,084	80,870
Cash receipt from dividend from the subsidiary	-	-	53,032,998	-
Net cash flows used in investing activities	(1,156,830,070)	(241,702,462)	(912,561,724)	(591,549,971)
Cash flows from financing activities				
Increase in bank overdraft and short-term loans from banks	209,626,959	137,941,780	192,427,005	119,792,021
Decrease in restricted bank deposits	7,519,680	2,344,143	-	-
Cash receipt from long-term loans from banks	1,373,627,621	425,000,000	937,977,621	425,000,000
Repayment of long-term loans from banks	(283,211,895)	(214,681,192)	(217,482,692)	(127,982,692)
Repayment of debentures	(523,692,000)	(55,333,825)	-	-
Purchase of additional investment in subsidiary from non-controlling interests of the subsidiary	-	(481,886,648)	-	-
Cash paid for financial fees	(9,843,041)	(1,062,500)	(8,250,000)	(1,062,500)
Cash paid for lease liabilities	(25,248,745)	(12,380,497)	(2,053,580)	(1,985,530)
Interest paid	(144,655,115)	(105,470,739)	(59,779,995)	(38,104,447)
Dividend paid	(101,912,285)	(40,818,750)	(95,352,599)	(40,818,750)
Net cash flows from (used in) financing activities	502,211,179	(346,348,228)	747,485,760	334,838,102
Increase (decrease) in exchange differences on translation of financial statements in foreign currency	128,637,000	(12,989,562)	-	-
Net increase (decrease) in cash and cash equivalents	198,164,955	160,941,279	4,840,498	(1,053,006)
Cash and cash equivalents at beginning of year	195,614,919	34,673,640	5,893,697	6,946,703
Cash and cash equivalents at end of year (Note 7)	393,779,874	195,614,919	10,734,195	5,893,697

Supplemental cash flows information

Non-cash items consist of:

Increase (decrease) in accounts payable for purchasing of fixed assets	7,261,532	(6,042,932)	9,902,397	(9,770,361)
Increase in liabilities associated with put options granted to holders of non-controlling interests	289,544,404	-	289,544,404	-
Increase in long-term lease liabilities	98,940,152	95,401,175	1,212,064	5,236,802
Increase in account payable for purchasing of shares	75,278,234	-	75,278,234	-

The accompanying notes are an integral part of the financial statements.

Thai Plaspac Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

Thai Plaspac Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Mr. Anuj Lohia, which total shareholding is 69.11%. The Company is principally engaged in the manufacture and distribution of plastic packaging. The registered office of the Company is at 77 Soi Thian Thalee 30, Bang Khun Thian-Chay Thalee Road, Thakham, Bang Khun Thian, Bangkok.

The branch offices of the Company are at 3/2 Soi Thian Thalee 15, Bang Khun Thian-Chay Thalee Road, Thakham, Bang Khun Thian, Bangkok and 75/2, Moo 9, Soi Ruamjai, Bangna-Trad Road Km.18.8, Tambol Bangchalong, Amphur Bangphli, Samutprakarn.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

- 2.1** The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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 Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Plaspac Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			Percent	Percent
<u>Subsidiaries held by the Company</u>				
TPAC Packaging India Private Limited	Manufacturing and distribution of plastic packaging	India	100	100
TPAC Packaging (Bangna) Company Limited	Manufacturing and distribution of plastic packaging	Thailand	100	100
Sun Packaging Systems (FZC)	Manufacturing and distribution of plastic packaging	United Arab Emirates	89	89
Combi-Pack Sdn Bhd	Manufacturing and distribution of plastic packaging	Malaysia	80	-
<u>Subsidiary held by TPAC Packaging India Private Limited</u>				
TPAC Packaging India II Private Limited	Manufacturing and distribution of plastic packaging	India	100	-

2.2.1 Combi-Pack Sdn Bhd

On 1 June 2021, the Company paid the initial consideration to group of sellers by 92.5% of the initial purchase price to acquire of 80% shares of Combi-Pack Sdn Bhd, a limited Company registered in Malaysia, amounting to MYR 122.6 million or Baht 928.4 million for 1.6 million ordinary shares with a par value of MYR 1 each, whereby Mr. Chow Chee Yut is the remaining shareholder of 20% shares. The Company will pay the remaining 6% and 1.5% of the initial purchase price on the date as stated in the agreements. On 23 September 2021, the Company paid the additional consideration to group of sellers amounting to MYR 1.2 million or Baht 9.5 million as a result of the adjustment of the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement. In addition, the Company and group of sellers have to comply with specified terms and conditions as stated in the agreements as described in Note 13 to financial statements.

These consolidated financial statements are included financial position of Combi-Pack Sdn Bhd as at 31 December 2021, and the statement of comprehensive income for the period from the acquisition date to 31 December 2021. The excess of cost of business acquisition over the fair value of the net assets acquired shall recognised as goodwill.

During the fourth quarter of the year 2021, the Company's management has completed the process of assessing the fair value of the identified assets acquired and liabilities assumed and goodwill at acquisition date, including the valuation of liabilities associated with put options granted to holders of non-controlling interests, within evaluation period of 12 months from acquisition date according to Thai Financial Reporting Standard No. 3 (revised 2020) "Business combination".

Details of the net book value of Combi-Pack Sdn Bhd as at the acquisition date are as follows:

(Unit: Thousand Baht)

	Fair value	Net book value
Assets		
Cash and cash equivalents	44,485	44,485
Trade and other receivables	123,987	123,987
Inventories	128,104	119,314
Property, plant and equipment, net (Note 14)	516,602	546,153
Right-of-use assets (Note 23)	26,654	26,654
Intangible asset - customer relationship (Note 16)	274,578	-
Other assets	32,383	32,383
Total assets	1,146,793	892,976
Liabilities		
Bank overdraft and short-term loans from banks	32,604	32,604
Trade and other payables	80,095	80,095
Long-term loans from banks (Note 21)	174,970	174,970
Deferred tax liabilities	90,737	29,821
Other liabilities	14,902	14,902
Total liabilities	393,308	332,392
Net assets value	753,485	560,584
Equity of the subsidiary (%)	80	
Net assets value attributable to the subsidiary's investment	602,788	
The excess of the purchase price over the value of the net assets - the Company	410,468	
Purchase price	1,013,256	
Less: Cash and cash equivalents of the subsidiary	(44,485)	
Less: Account payable for purchasing of shares at acquisition date (7.5%)	(75,278)	
Net cash paid for acquisition of the subsidiary	893,493	

Details of acquisition of the subsidiary are presented as follows.

(Unit: Thousand Baht)

Purchase price

Cash paid (92.5%)	928,432
Additional cash paid as a result of the adjustment of the initial purchase price to the actual purchase price	9,546
Account payable for purchasing of shares at acquisition date (7.5%)	75,278
Total	1,013,256
Fair value of net assets received	(602,788)
Goodwill - the Company	410,468
Goodwill - Non-controlling interests of the subsidiary	102,617
Goodwill	513,085

The Company has elected to measure the non-controlling interests at fair value.

The goodwill comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

The revenue and profit of subsidiary from the acquisition date to 31 December 2021 amounting to Baht 640.6 million and Baht 53.2 million, respectively, are included in the consolidated financial statements.

Acquisition-related costs of Baht 12.5 million were included in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2021.

2.2.2 TPAC Packaging India II Private Limited

On 10 December 2021, the Company's Board of Directors' Meeting No. 7/2021 approved TPAC Packaging India Private Limited, which is a subsidiary of the Company, to establish a new subsidiary, which is a limited company in India under the name of TPAC Packaging India II Private Limited, and invest at 100% of its shares with an initial registered share capital of INR 50 million (5 million shares with par value of INR 10 each). The purpose of such company is to invest in other company. The subsidiary was completely established on 30 December 2021 as described in Note 13 to financial statements.

The statement of financial position of the subsidiary as at 31 December 2021 and statement of comprehensive income from the establishment date to 31 December 2021 are included in the consolidated financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) 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 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon 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 to customers.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognized on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised upon completion of performance obligation and there is a certain possibility of receiving the money.

4.2 Cash and cash equivalents

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

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, packaging and supplies are valued at the lower of average cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 Cost of molds for amortisation

The Group record cost of molds which are used to manufacture goods for customers as assets. Cost of molds are amortised to cost of sales are delivered to its customers. The Group records cost of molds for amortisation as current assets if goods are expected to manufacture and deliver to customers within 1 year, and as non-current assets if goods are expected to manufacture and deliver to customers more than 1 year.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	Consolidated financial statements	Separate financial statements
Building and building improvement	20 - 30 years	20 years
Furniture and office equipment	5 - 10 years	5 years
Machinery and equipment	3 - 15 years	3 - 10 years
Motor vehicles	5 years	5 years

Depreciation is included in determining income.

No depreciation is provided on land and land improvement and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets and Amortisation

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition/amalgamation while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Consolidated financial statements	Separate financial statements
Tradename	25 years	-
Customer relationship	7.5 and 10 years	-
Computer software	3 - 10 years	5 - 10 years

4.8 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of the Group's previously held equity interest in the acquiree, in a business combination achieved in stages.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group measures the identifiable assets acquired and the liabilities assumed at acquisition date fair value, and classifies and designates them in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. A contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. A contingent consideration classified as an asset or liability is measured at fair value, with changes in fair value recognised in profit or loss.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

	Consolidated financial statements	Separate financial statements
Land and land improvement	20 - 25 years	-
Building and building improvement	20 - 25 years	-
Furniture and office equipment	4 years	4 years
Motor vehicles	5 years	5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.10 Related party transactions

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

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

4.11 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining profit or loss.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards, and among other things.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Recognition and derecognition of financial instruments

Regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date on which the Group becomes a party to contractual provisions of the instrument.

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.20 Liabilities associated with put options granted to holders of non-controlling interests

The Company and a subsidiary granted put options to holders of non-controlling interests. The Company and a subsidiary do not have unconditional right to avoid the delivery of cash if holders of non-controlling interests exercise their put options. The Company and a subsidiary recognise liabilities associated with put options, calculated by present value of expected exercise price, and present in non-current liabilities in the consolidated and separate statement of financial position. The amounts also present offset from unappropriated retained earnings in the consolidated and separate statement of financial position and the consolidated and separate statement of changes in shareholders' equity. The amounts are to revalue at the end of reporting period, whereby the difference is to recognise in shareholders' equity in the consolidated and separate financial statements.

5. 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 reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories requires management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business; minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account based upon the condition of inventories and the duration such goods have remained in stock.

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 estimate 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 impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised 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 taxable losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

6. Related party transactions

Details of relationships of the Company to related parties are as follows.

Name of persons or entities	Nature of relationships
TPAC Packaging India Private Limited	Subsidiary
TPAC Packaging India II Private Limited	Subsidiary
TPAC Packaging (Bangna) Company Limited	Subsidiary
Sun Packaging Systems (FZC)	Subsidiary
Combi-Pack Sdn Bhd	Subsidiary
Mr. Anuj Lohia	Major shareholder
Indorama Petrochem Limited	Shareholder and director are related to the Company's shareholder and management
Indorama Polymers Public Company Limited	Shareholder and director are related to the Company's shareholder and management
IVL Dhunseri Petrochem Industries Private Limited	Shareholder and director are related to the Company's shareholder and management
Related persons	Director, executive officer and related persons with director and executive officer

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		
	2021	2020	2021	2020	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	19	4	Close to market price
Purchase of goods	-	-	85	18	Close to market price
Management fee income	-	-	31	29	Contract price
Dividend income	-	-	53	-	Dirham United Arab Emirates 21,750 per share
<u>Transaction with related company</u>					
Purchase of goods	102	61	42	10	Close to market price
<u>Transaction with related persons</u>					
Dividend paid	69	30	69	30	2021: Baht 0.292 per share (2020: Baht 0.125 per share)

As at 31 December 2021 and 2020, the balances of the accounts between the Group and those related companies are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<u>Trade receivables - related parties</u>				
(Note 9)				
Subsidiaries	-	-	7,175	510
Total	-	-	7,175	510
<u>Other receivables - related parties</u>				
(Note 9)				
Subsidiaries	-	-	16,049	29,712
Total	-	-	16,049	29,712
<u>Short-term loans to related party</u>				
Subsidiary	-	-	7,000	-
Total	-	-	7,000	-
<u>Trade payables - related parties</u>				
(Note 19)				
Subsidiaries	-	-	22,790	5,183
Related companies	46,105	12,015	7,042	5,500
Total	46,105	12,015	29,832	10,683

Short-term loans to related party

(Unit: Thousand Baht)				
Loans to related party	Related by	Separate financial statements		
		Balance as at 31 December 2020	Increase during the year	Balance as at 31 December 2021
TPAC Packaging (Bangna) Company Limited	Subsidiary	-	7,000	7,000

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Short-term benefits	88,610	77,348	60,596	56,740
Post-employment benefits	4,317	3,702	3,847	3,283
Other long-term benefits	24	25	24	25
Total	92,951	81,075	64,467	60,048

Guarantee obligations with related parties

The Company has outstanding guarantee obligations related to long-term loans from banks with its subsidiary, as described in Note 21 to financial statements.

7. Cash and cash equivalents

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Cash	437	234	76	80
Cash at banks	393,343	195,381	10,658	5,814
Total	393,780	195,615	10,734	5,894

As at 31 December 2021, cash at banks carried interests between 0.05 and 2.60 percent per annum (The Company only: between 0.05 and 0.13 percent per annum) (31 December 2020: between 0.05 and 2.60 percent per annum (The Company only: between 0.05 and 0.15 percent per annum)).

8. Other current financial assets / Other non-current financial assets / Other current financial liabilities

As at 31 December 2021 and 2020, the Group had other current financial assets, other non-current financial assets, and other current financial liabilities as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Other current financial assets				
<u>Debt instruments at amortised cost</u>				
Time deposits from 3 months to 1 year (Interest rate 6.6 percent per annum (31 December 2020: 4.9 percent per annum))	2,417	245	-	-
Total debt instruments at amortised cost	2,417	245	-	-
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	-	165	-	165
Total financial assets at FVTPL	-	165	-	165
Total other current financial assets	2,417	410	-	165
Other non-current financial assets				
<u>Debt instruments at amortised cost</u>				
Time deposits more than 1 year (Interest rate between 5.0 to 6.8 percent per annum (31 December 2020: 5.4 to 7.0 percent per annum))	351	2,267	-	-
Total other non-current financial assets	351	2,267	-	-
Other non-current financial liabilities				
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	23	-	23	-
Total other non-current financial liabilities	23	-	23	-

9. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2021	2020	2021	2020
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	7,175	510
Total trade receivables - related parties	-	-	7,175	510
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	954,100	609,538	362,869	281,299
Past due				
Up to 1 month	215,802	125,054	97,813	75,622
1 - 2 months	26,071	15,407	6,757	4,822
2 - 3 months	11,214	9,996	1,096	2,577
3 months - 1 year	5,492	5,368	-	109
1 year - 2 years	809	1,089	-	590
Over 2 years	5,594	5,099	5,316	4,686
Total	1,219,082	771,551	473,851	369,705
Less: Allowance for expected credit losses	(8,305)	(8,924)	(5,331)	(5,537)
Total trade receivables - unrelated parties	1,210,777	762,627	468,520	364,168
<u>Other receivables - related parties</u>				
Other receivables	-	-	16,049	29,712
Total other receivables - related parties	-	-	16,049	29,712
<u>Other receivables - unrelated parties</u>				
Value added tax refundable	4,646	26,109	-	-
Other receivables	23,294	37,302	-	-
Total other receivables - unrelated parties	27,940	63,411	-	-
Total trade and other receivables	1,238,717	826,038	491,744	394,390

The normal credit term is 7 to 135 days (The Company only: 30 to 135 days).

Set out below is the movements in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	8,924	6,737	5,537	5,211
Increase during the year	-	2,264	-	326
Reversal during the year	(920)	-	(206)	-
Translation adjustment	301	(77)	-	-
Ending balance	8,305	8,924	5,331	5,537

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	270,863	144,703	(3,598)	(3,290)	267,265	141,413
Work in process	30,119	16,931	-	(18)	30,119	16,913
Raw materials	237,857	228,267	(4,184)	(1,932)	233,673	226,335
Packing materials	40,783	26,375	(206)	(210)	40,577	26,165
Factory supplies	7,533	4,918	-	-	7,533	4,918
Total	587,155	421,194	(7,988)	(5,450)	579,167	415,744

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	97,202	58,571	(1,543)	(1,725)	95,659	56,846
Work in process	19,361	10,469	-	-	19,361	10,469
Raw materials	43,414	35,049	(310)	(220)	43,104	34,829
Packing materials	17,956	13,872	-	(23)	17,956	13,849
Factory supplies	6,561	4,918	-	-	6,561	4,918
Total	184,494	122,879	(1,853)	(1,968)	182,641	120,911

During the current year, the Group reduced cost of inventories by Baht 3.9 million (The Company only: Baht 1.2 million) (31 December 2020: Baht 2.1 million (The Company only: Baht 1.9 million)) to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 1.4 million (The Company only: Baht 1.3 million) (31 December 2020: Baht 2.4 million (The Company only: Baht 0.4 million)), and reduced the amount of inventories recognised as expenses during the year.

11. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Asset held for sale	-	57,274	-	-
Prepaid expenses	12,216	11,493	3,582	3,215
Cost of molds for amortisation	40,748	34,153	34,539	33,104
Advance payment	3,678	2,412	-	-
Others	25,863	9,837	1,778	1,465
Total	82,505	115,169	39,899	37,784

12. Restricted bank deposits

As at 31 December 2021, these represent the subsidiary's bank deposits pledged for short-term loans from banks, carrying interest rate at 3.03 percent per annum.

As at 31 December 2020, these represent the subsidiary's bank deposits pledged for the next interest payment with the trustee under the terms and conditions of the debenture issuers, carrying interest rate at 2.95 percent per annum. On 15 December 2021, the subsidiary made an early redemption of such debentures, as described in Note 22 to financial statements.

13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as presented in separate financial statements

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2021	2020	2021	2020	2021	2020	2021	2020
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Subsidiaries held by the Company</u>								
TPAC Packaging India Private Limited	2,108 Million Indian Rupee	2,108 Million Indian Rupee	100	100	2,069,154	2,069,154	-	-
TPAC Packaging (Bangna) Company Limited	101 Million Baht	101 Million Baht	100	100	107,000	107,000	-	-
Sun Packaging Systems (FZC)	0.45 Million Dirham United Arab Emirates	0.45 Million Dirham United Arab Emirates	89	89	384,590	384,590	53,033	-
Combi-Pack Sdn Bhd	2 Million Malaysian Ringgit	-	80	-	1,013,256	-	-	-
<u>Subsidiary held by TPAC</u>								
<u>Packaging India Private Limited</u>								
TPAC Packaging India II Private Limited	-	-	100	-	-	-	-	-
Total					3,574,000	2,560,744	53,033	-

Combi-Pack Sdn Bhd

On 10 April 2021, the Company's Board of Directors' Meeting No. 3/2021 approved the investment by the Company for the acquisition of 80% shares in Combi-Pack Sdn Bhd, a limited company registered in Malaysia, and incorporated in plastic food containers manufacturing business with the total considerations and expenses for this transaction not exceed MYR 170 million or Baht 1,301.2 million, and approved this investment by the Extraordinary General Meeting of shareholders No. 1/2021 on 28 May 2021.

The Company entered into the Sale and Purchase Agreement on 10 April 2021 and the Shareholders Agreement between the Company and group of sellers on 31 May 2021. The Company agreed to pay the consideration to acquire of 80% shares in Combi-Pack Sdn Bhd for 1.6 million ordinary shares with a par value of MYR 1 each, whereby Mr. Chow Chee Yut is the remaining shareholder of 20% shares. The Company agreed to pay to group of sellers by 92.5% of the initial purchase price on the completion date, and the remaining 6% and 1.5% of the initial purchase price on the date as stated in the agreements. The Company and group of sellers agreed to adjust the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement. In addition, the Company and group of sellers have to comply with specified terms and conditions as stated in the agreements.

On 1 June 2021, the Company paid the initial consideration to group of sellers by 92.5% of the initial purchase price to acquire of 80% shares amounting to MYR 122.6 million or Baht 928.4 million, and recognised investment in subsidiary and account payable for purchasing of shares by 7.5% of the initial purchase price or approximately MYR 9.9 million in the statement of financial position. On 23 September 2021, the Company paid the additional consideration to group of sellers amounting to MYR 1.2 million or Baht 9.5 million as a result of the adjustment of the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement.

TPAC Packaging India II Private Limited

On 10 December 2021, the Company's Board of Directors' Meeting No. 7/2021 approved TPAC Packaging India Private Limited, which is a subsidiary of the Company, to establish a new subsidiary, which is a limited company in India under the name of TPAC Packaging India II Private Limited, and invest at 100% of its shares with an initial registered share capital of INR 50 million (5 million shares with par value of INR 10 each). The purpose of such company is to invest in other company. The subsidiary was completely established on 30 December 2021.

On 30 December 2021, the Company's Board of Directors' Meeting No. 8/2021 approved TPAC Packaging India II Private Limited to acquire M/s Skypet Polymers, a partnership firm registered in India, and incorporated in plastic containers manufacturing and distribution

business with the total considerations and expenses for this transaction not exceed INR 1,030 million or Baht 484.1 million.

On 31 December 2021, both subsidiaries entered into the Sale and Purchase Agreement and the Shareholders Agreement between both subsidiaries and group of sellers. TPAC Packaging India II Private Limited will accept the business transfer from M/s Skypet Polymers and agreed to pay the considerations to group of sellers by 87.5% of the initial purchase price on the completion date, and the remaining 12.5% of the initial purchase price on the date as stated in the agreements including interest of 5.5% per annum on the accrued consideration. The subsidiaries and group of sellers agreed to adjust the initial purchase price to the actual purchase price based on price adjustment method as stipulated in the agreement. In addition, the subsidiaries and group of sellers have to comply with specified terms and conditions as stated in the agreements. TPAC Packaging India II Private Limited will issue and allot newly issued shares capital of 9.4 million shares or equivalent to 20% of the post allotment of total paid-up shares capital of the subsidiary, with a par value of INR 10 each, to Mr. S. Selvaraj, one of the shareholders of M/s Skypet Polymers, at the subscription price not exceed INR 94 million according to specified terms and conditions as stated in the agreements. In addition, the Shareholders Agreement also stipulated that Mr. S. Selvaraj has put options, which has rights to sell all remaining 20% of shares in TPAC Packaging India II Private Limited to TPAC Packaging India Private Limited, and TPAC Packaging India Private Limited has call options, which has rights to buy all remaining 20% of shares in TPAC Packaging India II Private Limited from Mr. S. Selvaraj according to specified terms and conditions as stated in the agreements. And on 25 February 2022, the Company's Board of Directors' Meeting No. 1/2022 passed resolutions of the acquisition of M/s Skypet Polymers as presented in Note 38.1 to financial statements.

Put options and call options to sell/buy 20% of shares in Combi-Pack Sdn Bhd

On 31 May 2021, the Company entered into Shareholders Agreement between the Company and Mr. Chow Chee Yut. Mr. Chow Chee Yut has put options, which has rights to sell all remaining 20% of shares in Combi-Pack Sdn Bhd to the Company. The Company has call options, which has rights to buy all remaining 20% of shares in Combi-Pack Sdn Bhd from Mr. Chow Chee Yut. Detail of exercise are presented in Note 24 to financial statements.

Call options to buy 11% of shares in Sun Packaging Systems (FZC)

On 24 April 2019, the Company entered into Shareholders Agreement between the Company, Sun Packaging Systems (FZC) and Mr. Kishore Kumar Tarachand Bhatia. The Company has call options which are rights to buy all remaining 11% of shares in Sun Packaging Systems (FZC) from Bhatia Investment Holding Limited. Detail of exercise are presented in Note 24 to financial statements.

13.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Comprehensive income allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Sun Packaging Systems (FZC)	11	11	71,541	59,060	19,041	12,113	6,560	-
Combi-Pack Sdn Bhd	20	-	278,879	-	25,565	-	-	-

13.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling interests

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December			
	Sun Packaging Systems (FZC)		Combi-Pack Sdn Bhd	
	2021	2020	2021	2020
Current assets	384	282	399	-
Non-current assets	222	95	596	-
Current liabilities	97	64	180	-
Non-current liabilities	135	40	134	-

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December			
	Sun Packaging Systems (FZC)		Combi-Pack Sdn Bhd	
	2021	2020	2021	2020
Revenues	508	432	641	-
Profit	122	126	89	-
Other comprehensive income	66	(4)	75	-
Total comprehensive income	188	122	164	-

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December			
	Sun Packaging Systems (FZC)		Combi-Pack Sdn Bhd	
	2021	2020	2021	2020
Cash flow from operating activities	81	169	155	-
Cash flow used in investing activities	(48)	(22)	(26)	-
Cash flow used in financing activities	(10)	-	(117)	-
Net increase in cash and cash equivalents	23	147	12	-

14. Property, plant and equipment

Movements of property, plant and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Building and building improvement	Furniture and office equipment	Machinery and equipment	Motor vehicles	Assets under construction	
Cost:							
1 January 2020	272,989	427,081	22,908	2,070,029	14,642	43,039	2,850,688
Additions	-	457	1,784	48,781	907	254,992	306,921
Transfer in (out)	-	9,564	2,613	202,553	-	(214,730)	-
Transfer out to asset held for sale	(59,473)	-	-	-	-	-	(59,473)
Disposals/write-off	-	-	(939)	(46,660)	(5)	(1,013)	(48,617)
Translation adjustment	(1,987)	(1,693)	(71)	(5,899)	(25)	(52)	(9,727)
31 December 2020	211,529	435,409	26,295	2,268,804	15,519	82,236	3,039,792
Additions	-	312	3,234	60,193	4,294	276,647	344,680
Increase from acquisition of subsidiary	114,798	101,808	2,515	294,473	1,913	1,095	516,602
Transferred from right-of-use assets	-	-	-	12,980	1,036	-	14,016
Transfer in (out)	-	3,501	1,539	244,170	-	(249,210)	-
Disposals/write-off	-	-	(755)	(58,932)	(5,727)	(790)	(66,204)
Translation adjustment	21,819	28,361	1,054	95,646	371	4,434	151,685
31 December 2021	348,146	569,391	33,882	2,917,334	17,406	114,412	4,000,571
Accumulated depreciation:							
1 January 2020	-	148,455	12,457	1,196,906	12,154	-	1,369,972
Depreciation for the year	-	21,324	3,702	217,000	1,175	-	243,201
Depreciation on disposals/ write-off	-	-	(935)	(44,343)	(5)	-	(45,283)
Translation adjustment	-	(694)	(93)	(5,099)	(30)	-	(5,916)
31 December 2020	-	169,085	15,131	1,364,464	13,294	-	1,561,974
Depreciation for the year	-	23,526	4,123	285,720	3,303	-	316,672
Depreciation on disposals/ write-off	-	-	(755)	(49,383)	(4,691)	-	(54,829)
Translation adjustment	-	3,787	569	31,791	216	-	36,363
31 December 2021	-	196,398	19,068	1,632,592	12,122	-	1,860,180
Allowance for impairment loss:							
31 December 2020	-	-	-	1,717	-	-	1,717
31 December 2021	-	-	-	1,717	-	-	1,717
Net book value:							
31 December 2020	211,529	266,324	11,164	902,623	2,225	82,236	1,476,101
31 December 2021	348,146	372,993	14,814	1,283,025	5,284	114,412	2,138,674
Depreciation for the year							
2020 (Baht 240 million included in manufacturing cost, and the balance in selling and administrative expenses)							243,201
2021 (Baht 311 million included in manufacturing cost, and the balance in selling and administrative expenses)							316,672

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Building and building improvement	Furniture and office equipment	Machinery and equipment	Motor vehicles	Assets under construction	Total
Cost:							
1 January 2020	54,275	209,922	14,907	1,350,532	12,291	25,622	1,667,549
Additions	-	457	978	23,730	907	73,850	99,922
Transfer in (out)	-	2,474	-	61,667	-	(64,141)	-
Disposals/write-off	-	-	-	(11,983)	-	(622)	(12,605)
31 December 2020	54,275	212,853	15,885	1,423,946	13,198	34,709	1,754,866
Additions	-	125	1,017	7,085	898	21,152	30,277
Transfer in (out)	-	445	307	23,601	-	(24,353)	-
Disposals/write-off	-	-	(323)	(327)	(404)	-	(1,054)
31 December 2021	54,275	213,423	16,886	1,454,305	13,692	31,508	1,784,089
Accumulated depreciation:							
1 January 2020	-	134,465	10,569	1,054,971	11,399	-	1,211,404
Depreciation for the year	-	7,596	1,594	91,791	614	-	101,595
Depreciation on disposals/ write-off	-	-	-	(11,983)	-	-	(11,983)
31 December 2020	-	142,061	12,163	1,134,779	12,013	-	1,301,016
Depreciation for the year	-	7,693	1,600	86,481	663	-	96,437
Depreciation on disposals/ write-off	-	-	(323)	(327)	(404)	-	(1,054)
31 December 2021	-	149,754	13,440	1,220,933	12,272	-	1,396,399
Allowance for impairment loss:							
31 December 2020	-	-	-	117	-	-	117
31 December 2021	-	-	-	117	-	-	117
Net book value:							
31 December 2020	54,275	70,792	3,722	289,050	1,185	34,709	453,733
31 December 2021	54,275	63,669	3,446	233,255	1,420	31,508	387,573
Depreciation for the year							
2020 (Baht 99 million included in manufacturing cost, and the balance in selling and administrative expenses)							101,595
2021 (Baht 93 million included in manufacturing cost, and the balance in selling and administrative expenses)							96,437

As at 31 December 2021, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,566 million (The Company only: Baht 988 million) (31 December 2020: Baht 1,144 million (The Company only: Baht 820 million)).

As at 31 December 2021, property, plant and equipment of TPAC Packaging India Private Limited amounting to INR 2,238 million has been mortgaged as collateral against bank overdrafts and long-term loans from banks as stated in Note 18 and 21 to financial statements.

As at 31 December 2020, all property, plant and equipment of TPAC Packaging India Private Limited amounting to INR 1,950 million has been mortgaged as collateral against non-convertible debenture as stated in Note 22 to financial statements and partial property, plant and equipment of the subsidiary has been mortgaged as collateral against bank overdrafts as stated in Note 18 to financial statements.

As at 31 December 2021, all property, plant and equipment of Combi-Pack Sdn Bhd amounting to MYR 38 million (31 December 2020: Nil) has been mortgaged as collateral against bank overdrafts and long-term loans from banks as stated in Notes 18 and 21 to financial statements.

15. Goodwill

Movements of goodwill in the consolidated financial statements for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	TPAC			
	Packaging India	Sun Packaging	Combi-Pack	
	Private Limited	Systems (FZC)	Sdn Bhd	Total
Balance as at 1 January 2020	846,200	163,938	-	1,010,138
Translation adjustment	(7,686)	(635)	-	(8,321)
Balance as at 31 December 2020	838,514	163,303	-	1,001,817
Increase from acquisition of				
subsidiary	-	-	513,085	513,085
Translation adjustment	78,912	18,396	27,527	124,835
Balance as at 31 December 2021	917,426	181,699	540,612	1,639,737

The Company allocates goodwill acquired through business combination with indefinite useful lives to group of assets that generates cash inflows for annual impairment testing by determining the recoverable amounts of its group of assets that generates cash inflows based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period for those three companies.

Key assumptions used in value in use calculations are as follows:

	TPAC Packaging		
	India Private	Sun Packaging	Combi-Pack
	Limited	Systems (FZC)	Sdn Bhd
Sales growth rate	9% - 11%	8%	3%
Pre-tax discount rate	13.5%	10%	10%

Management has considered the sales growth rates based on historical operating results, forecast markets and production capacity. The pre-tax discount rates reflect the risks specific to each cash-generating unit. The management believed that there is no occurrence of impairment of goodwill.

Management believes that any reasonably possible change in the key assumptions on which the group of units' recoverable amount are based would not cause the group of units' carrying amount to exceed its recoverable amount.

16. Intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Tradename	Customer relationship	Computer software	Total
1 January 2020	200,137	233,740	12,280	446,157
Additions	-	-	439	439
Translation adjustment	(1,818)	(1,748)	(13)	(3,579)
31 December 2020	198,319	231,992	12,706	443,017
Additions	-	-	984	984
Increase from acquisition of subsidiary	-	274,578	543	275,121
Translation adjustment	18,664	39,951	182	58,797
31 December 2021	216,983	546,521	14,415	777,919
Accumulated amortisation:				
1 January 2020	10,747	32,958	5,351	49,056
Amortisation for the year	8,224	32,117	1,406	41,747
Translation adjustment	(367)	(1,405)	(23)	(1,795)
31 December 2020	18,604	63,670	6,734	89,008
Amortisation for the year	8,395	49,577	1,506	59,478
Translation adjustment	2,035	7,770	127	9,932
31 December 2021	29,034	121,017	8,367	158,418
Allowance for impairment loss:				
31 December 2020	-	-	510	510
31 December 2021	-	-	510	510
Net book value:				
31 December 2020	179,715	168,322	5,462	353,499
31 December 2021	187,949	425,504	5,538	618,991

(Unit: Thousand Baht)

	Separate financial statements	
	Computer software	Total
Cost:		
1 January 2020	9,713	9,713
Additions	326	326
31 December 2020	10,039	10,039
Additions	440	440
31 December 2021	10,479	10,479
Accumulated amortisation:		
1 January 2020	4,510	4,510
Amortisation for the year	765	765
31 December 2020	5,275	5,275
Amortisation for the year	876	876
31 December 2021	6,151	6,151
Allowance for impairment loss:		
31 December 2020	510	510
31 December 2021	510	510
Net book value:		
31 December 2020	4,254	4,254
31 December 2021	3,818	3,818

Tradename

TPAC Packaging India Private Limited assessed the identified assets on the date of amalgamation between TPAC Packaging India Private Limited and Sunrise Containers Limited. The subsidiary granted tradename "Sunpet" registered in four countries which are India, Saudi Arabia, United Kingdom and United Arab Emirates amounting to Baht 223 million. The expected useful life is 25 years.

Customer relationship

- TPAC Packaging India Private Limited assessed the identified assets on the date of amalgamation between TPAC Packaging India Private Limited and Sunrise Containers Limited. The subsidiary granted long-term relationship with customer, from Sunrise Containers Limited amounting to Baht 180 million. The expected useful life is 7.5 years.
- The Company assessed the identified assets on the date of acquisition of Sun Packaging Systems (FZC) by granted long-term relationship with customer from Sun Packaging Systems (FZC) amounting to Baht 74 million. The expected useful life is 7.5 years.
- The Company assessed the identified assets on the date of acquisition of Combi-Pack Sdn Bhd by granted long-term relationship with customer from Combi-Pack Sdn Bhd amounting to Baht 275 million. The expected useful life is 10 years.

17. Withholding tax deducted at source

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
Withholding tax in 2017	-	22,844	-	22,844
Withholding tax in 2018	35,546	35,562	35,546	35,546
Withholding tax in 2019	34,811	34,813	34,811	34,811
Total	70,357	93,219	70,357	93,201

The Group presented withholding tax deducted at source as an asset since it has claimed for refund of it. However, the net realisable value of the tax is subject to the examination of the Company's accounts by the officials of Revenue Department.

18. Bank overdraft and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements	
	2021	2020	2021	2020
Bank overdraft	5.85 - 8.95	5.85 - 5.88	2,652	5,542
Short-term loans from banks	1.63 - 2.75	1.63 - 2.60	748,404	509,800
Total			751,056	515,342

(Unit: Thousand Baht)

	Interest rate (% per annum)		Separate financial statements	
	2021	2020	2021	2020
Bank overdraft	5.85	5.88	1,619	4,192
Short-term loans from banks	1.63 - 2.10	1.63 - 2.00	659,000	464,000
Total			660,619	468,192

Under the credit facility agreement for short-term and long-term loans, the Group has to comply with certain financial terms as specified in the agreement, such as maintenance of debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement.

Bank overdraft credit facility of TPAC Packaging India Private Limited and Combi-Pack Sdn Bhd are secured by the mortgage of property, plant and partial equipment of the subsidiaries as stated in Note 14 to financial statements.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payable - related parties	46,105	12,015	29,832	10,683
Trade accounts payable - unrelated parties	306,511	189,834	124,730	92,866
Accounts payable for purchasing of				
fixed assets	16,181	8,920	11,609	1,707
Account payable for purchasing of shares	80,786	-	80,786	-
Accrued expenses	76,824	73,225	16,099	15,394
Other payables	92,586	74,960	56,211	58,363
Total	618,993	358,954	319,267	179,013

20. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Advance received for molds	53,093	28,736	42,015	14,310
Others	45,157	8,246	2,878	3,063
Total	98,250	36,982	44,893	17,373

21. Long-term loans from banks

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2021	2020	2021	2020
1	MLR - 1.75	Quarterly installments as from 25 February 2019	433,323	548,555	433,323	548,555
2	MLR - 2.00	Quarterly installments as from 30 December 2019	361,250	412,251	361,250	412,251
3	Year 1 - 3: MLR - 1.75 Year 4 - 7: MLR - 2.00	Quarterly installments as from 30 June 2022	886,728	-	886,728	-
4	Bank's Base Lending Rate - 1.00	Monthly installments as from 1 June 2021	15,686	-	-	-
5	Bank's Base Lending Rate + 0.50	Monthly installments as from 1 June 2021	599	-	-	-
6	Bank's Cost of Funds Rate + 1.00	Monthly installments as from 1 June 2021	36,832	-	-	-
7	Bank's 1 month Cost of Funds Rate + 1.00	Monthly installments as from 6 June 2021	65,608	-	-	-
8	8.45%	Semi-annual installments as from 14 December 2021	447,600	-	-	-
Total			2,247,626	960,806	1,681,301	960,806
Less: Deferred financial fees			(10,716)	(2,904)	(9,099)	(2,904)
Net			2,236,910	957,902	1,672,202	957,902
Less: Current portion			(256,612)	(165,249)	(189,274)	(165,249)
Long-term loans, net of current portion			1,980,298	792,653	1,482,928	792,653

Movements of the long-term loan account during the years ended 31 December 2021 and 2020 are summarised below:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2021	2020	2021	2020
Beginning balance	957,902	746,802	957,902	660,990
Add: Additional borrowings	1,373,628	425,000	937,978	425,000
Financial fees amortisation	2,074	1,844	2,055	958
Increase from acquisition of subsidiary	174,970	-	-	-
Less: Repayment	(283,212)	(214,681)	(217,483)	(127,983)
Financial fees paid	(9,843)	(1,063)	(8,250)	(1,063)
Translation adjustment	21,391	-	-	-
Ending balance	<u>2,236,910</u>	<u>957,902</u>	<u>1,672,202</u>	<u>957,902</u>

As at 31 December 2021, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 87 million (31 December 2020: Nil) (the Company only: Baht 87 million (31 December 2020: Nil)).

Loan 1

On 9 August 2018, the Company's Board of Directors' Meeting passed a resolution to acknowledge the loan in total amount not exceed than Baht 1,200 million from a bank in Thailand for investment in the subsidiary (TPAC Packaging India Private Limited). Subsequently, on 16 August 2018, the Company entered into a loan agreement with a bank in the amount of Baht 1,200 million. The loan has no collateral and carries interest at a rate of MLR-1.75 percent per annum. The loan is repayable by quarterly installments Baht 44.4 million each within 7 years from the drawdown date. The Company had fully withdrawn the loan on 20 August 2018. The loan is equivalent to other types of debt of the Company (Pari Passu Inter Se).

On 22 November 2019, the Company made repayment of long-term loan Baht 374.2 million. The loan is repayable by quarterly installments from Baht 44.4 million to Baht 28.8 million each.

Under the loan agreement, the Company has to comply with certain financial terms as specified in the agreement, such as maintaining interest bearing debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement. The Company is required to maintain a portion of its investment in the subsidiary and required to obtain

approval from the financial institutions in various matters, including dividends and assets or income guarantees.

Loan 2

On 1 October 2020, the Company entered into a loan agreement with a bank in the amount of Baht 425 million to purchase 20% of shares in TPAC Packaging India Private Limited. The loan has no collateral with interest at a rate of MLR - 2.00 percent per annum. The loan is repayable by quarterly installments with prescribed principal repayment in the agreement within 6 years from the drawdown date. The Company had fully withdrawn the loan on 5 October 2020.

Under the loan agreement, the Company has to comply with certain financial terms as specified in the agreement, such as maintaining interest bearing debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement. In addition, the Company has to comply with other terms as specified in the agreement, such as the Company is required to maintain a portion of its investment in the subsidiary and required to repay principal in case the Company receives dividend from the subsidiary.

Loan 3

On 24 May 2021, the Company entered into a loan agreement with a bank in the amount of Baht 1,025 million to purchase 80% of shares in Combi-Pack Sdn Bhd. The loan has no collateral with interest at a rate of MLR - 1.75 percent per annum for year 1 - 3, and MLR - 2.00 percent per annum for year 4 - 7. The loan is repayable by quarterly installments with prescribed principal repayment in the agreement within 6 years from 1 year after the drawdown date.

On 30 December 2021, the Company made early principal repayment for two installments with due date in June and September 2022 by Baht 51.2 million.

Under the loan agreement, the Company has to comply with certain financial terms as specified in the agreement, such as maintaining interest bearing debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement. In addition, the Company has to comply with other terms as specified in the agreement, such as condition of principal repayment.

Loan 4 - 7

On 1 June 2021, the Group received its long-term loans from banks as a result of the acquisition of Combi-Pack Sdn Bhd of MYR 8.6 million, MYR 0.2 million, MYR 4.9 million, and MYR 9.5 million, respectively. The principals are repayable by monthly installments at specified amount in the agreements within 7.5 years, 1.5 years, 8.6 years, and 3 years, respectively, from the acquisition date.

Under the loan agreements, the subsidiary has to comply with certain financial terms as specified in the agreement, such as maintaining financial ratio, outstanding balance of tangible assets to be in accordance with the rates stipulated in the agreement. The above loans are pledged by the property, plant and equipment of the subsidiary as collateral, and guaranteed by the directors.

Loan 8

On 10 November 2021, the Company's Board of Directors' Meeting No. 6/2021 approved the subsidiary ("TPAC Packaging India Private Limited"), to enter into long-term loan from a bank in India in total amount of INR 1,000 million, and working capital facilities in total amount of INR 600 million, whereas the Corporate Guarantee by the Company. Subsequently, on 10 December 2021, the subsidiary entered into a loan agreement with a bank in the amount of INR 1,000 million. The loan are pledged by the property, plant and equipment of the subsidiary as collateral and the Corporate Guarantee by the Company, carries interest at a rate of 8.45% percent per annum. The loan is repayable by semi-annual installments at specified amount in the agreements within 6 years from 1 year after the drawdown date. The subsidiary had fully withdrawn the loan on 14 December 2021. The loan is equivalent to other types of debt of the Company (Pari Passu Inter Se).

Under the loan agreement, the subsidiary has to comply with certain financial terms as specified in the agreement, such as maintaining debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement. The Company is required to maintain a portion of its investment in the subsidiary and required to obtain approval from the financial institutions in various matters, including dividends.

22. Debentures

- 22.1** On 24 April 2018, the Annual General Meeting of the Company's shareholders approved the issuance and offering of debentures in total amount not exceed than Baht 2,000 million. The Company has authority to determine any relevant terms and details such as type of debentures, security, offering amount at each issuance, offering price per unit, term of debentures, maturity period, rights of early redemption, interest rate, repayment method and allocation method, etc. As at 31 December 2021, the Company has not issued the debentures.

22.2 On 30 June 2018, the meeting of Board of Directors of TPAC Packaging India Private passed a resolution to issue unsecured non-convertible debentures in total amount not exceed than INR 500 million and to issue secured non-convertible debentures in total amount not exceed than INR 1,300 million, within 1 year from the date of resolution to invest 80% of shares in Sunrise Containers Limited and as a working capital of the subsidiary. The subsidiary has authority to determine any relevant terms and details of the debentures.

On 24 August 2018, the subsidiary issued non-convertible debentures 1,300 units with a par value of INR 1 million, amounting to INR 1,300 million, with a maturity of 5 years and will continuously repay after 18 months as from issuing debentures date, carrying interest at 9.62% per annum. The interest rate of the debentures can be amended by major holders of debentures if the credit rating of the debentures is lower than BB - assessed by the Credit Rating Agencies or mutual agreement between major shareholders and the subsidiary. The debentures are equivalent to other types of debt of the Company (Pari Passu Inter Se) and are listed on BSE in India. The subsidiary has the right to redeem premature debentures in a defined proportion.

Under the terms and conditions of the debentures issuers, the subsidiary has to comply with certain terms and conditions as specified in the agreement, including maintaining debt to equity ratio and debt service coverage ratio. The Company is required to maintain at 80% of shares in its subsidiary. The collateral for the issuance of such debentures is land, buildings and equipment of the subsidiary (after the amalgamation between TPAC Packaging India Private Limited and Sunrise Containers Limited), as well as the Corporate Guarantee. The subsidiary has to deposit the next interest payment with the trustee as stated in Note 12 to financial statements.

For issuance of debentures, the Company has expenses from issuing such debentures which are deducted from debentures value, and those expenses are recorded as interest expenses.

On 20 October 2021, the meeting of the subsidiary's Board of Directors of "TPAC Packaging India Private Limited" approved for early repayment of unsecured non-convertible debentures that are listed on BSE in India in accordance with terms of issuance of debentures.

On 15 December 2021, TPAC Packaging India Private Limited made an early redemption of such debentures amounting to INR 975 million with interest up to the redemption date.

The outstanding balance of long-term debentures as at 31 December 2021 and 2020 are detailed below.

						(Unit: Thousand Baht)	
						Consolidated	
						financial statements	
Debtenture	Issue date	Maturity date	Term (years)	Interest rate (% per annum)	Interest payment	2021	2020
1	24 August 2018	24 August 2023	5	9.62% / specified condition	every 6 months	-	478,647
Less: Deferred cost of issuing debentures						-	(12,315)
Net						-	466,332
Less: Current portion						-	(76,025)
Long-term debentures, net of current portion						-	390,307

Movements of the long-term loan account during the years ended 31 December 2021 and 2020 are summarised below:

			(Unit: Thousand Baht)	
			Consolidated	
			financial statements	
			2021	2020
Beginning balance			466,332	518,071
Add: Cost of issuing debentures amortisation			13,033	6,949
Less: Repayment			(523,692)	(55,334)
Translation adjustment			44,327	(3,354)
Ending balance			-	466,332

23. Leases

The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 25 years (The Company only: 2 - 5 years).

23.1 Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land and land improvement	Buildings and building improvement	Furniture and office equipment	Machinery and equipment	Motor vehicles	
Net book value as at						
1 January 2020	15,263	77,755	998	-	1,385	95,401
Depreciation for the year	(1,982)	(6,694)	(419)	-	(511)	(9,606)
Translation adjustment	35	31	-	-	-	66
Net book value as at						
31 December 2020	13,316	71,092	579	-	874	85,861
Additions during the year	4,832	92,922	-	-	1,212	98,966
Increase from acquisition						
of subsidiary	-	-	-	24,068	2,586	26,654
Transferred to equipment	-	-	-	(12,980)	(1,036)	(14,016)
Depreciation for the year	(3,013)	(9,388)	(419)	(1,627)	(1,430)	(15,877)
Translation adjustment	1,401	6,005	-	1,442	141	8,989
Net book value as at						
31 December 2021	16,536	160,631	160	10,903	2,347	190,577

(Unit: Thousand Baht)

	Separate financial statements			Total
	Buildings and building improvement	Furniture and office equipment	Motor vehicles	
Net book value as at 1 January 2020	3,261	591	1,385	5,237
Depreciation for the year	(1,071)	(273)	(511)	(1,855)
Net book value as at 31 December 2020	2,190	318	874	3,382
Additions during the year	-	-	1,212	1,212
Depreciation for the year	(1,094)	(272)	(552)	(1,918)
Net book value as at 31 December 2021	1,096	46	1,534	2,676

23.2 Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Lease payments	307,397	123,627	2,952	3,631
Less: Deferred interest expenses	(118,471)	(35,713)	(200)	(170)
Total	188,926	87,914	2,752	3,461
Less: Portion due within one year	(13,797)	(7,006)	(1,646)	(1,885)
Lease liabilities - net of current portion	175,129	80,908	1,106	1,576

Movements of the lease liabilities account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Balance at beginning of year	87,914	95,401	3,461	5,237
Additions	98,941	-	1,212	-
Increase from acquisition of subsidiary	9,494	-	-	-
Increase from interest payment	9,137	5,153	133	210
Decrease from repayment	(25,249)	(12,381)	(2,054)	(1,986)
Translation adjustment	8,689	(259)	-	-
Balance at end of year	188,926	87,914	2,752	3,461

A maturity analysis of lease payments is disclosed in Note 36.2 under the liquidity risk.

23.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	15,877	9,606	1,918	1,855
Interest expense on lease liabilities	9,137	5,153	133	210
Expense relating to short-term leases	10,878	5,411	4,144	4,284
Expense relating to leases of low-value assets	6,965	7,091	1,433	1,846

23.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 43 million (2020: Baht 12 million) (the Company only: Baht 8 million (2020: Baht 2 Million)), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 36.2 to the financial statements.

24. Assets associated with call options granted by holders of non-controlling interests / Liabilities associated with put options granted to holders of non-controlling interests

Combi-Pack Sdn Bhd

On 31 May 2021, the Company entered into Shareholders Agreement between the Company and Mr. Chow Chee Yut. Mr. Chow Chee Yut has put options which has rights to sell all remaining 20% of shares in Combi-Pack Sdn Bhd to the Company. The Company has call options which has rights to buy all remaining 20% of shares in Combi-Pack Sdn Bhd from Mr. Chow Chee Yut. Put options granted to holders of non-controlling interests are summarised below.

First - fourth exercise of put options:

Within 60 days after the date that the subsidiary's auditor has audited the financial statements for the years 2024, 2025, 2026 and 2027, respectively, the option price is based on specified terms and conditions as stated in the agreement.

As at 31 December 2021, the Company recorded liabilities associated with put options granted to holders of non-controlling interests amount of Baht 290 million (31 December 2020: Nil) in consolidated and separate financial statements.

Sun Packaging Systems (FZC)

On 24 April 2019, the Company entered into Shareholders Agreement between the Company, Sun Packaging Systems (FZC) and Mr. Kishore Kumar Tarachand Bhatia. The Company has call options which were rights to buy all remaining 11% of shares in Sun Packaging Systems (FZC) from Bhatia Investment Holding Limited. Call options granted to holders of non-controlling interests are summarised below.

First exercise of call options:

Within 6 months from 24 April 2022, the option price is based on specified terms and conditions as stated in the agreement.

Second exercise of call options:

Within 6 months from 24 April 2024, the option price is based on specified terms and conditions as stated in the agreement.

As at 31 December 2021, the Company recorded assets associated with call options granted by holders of non-controlling interests amount of Baht 6.4 million in consolidated and separate financial statements (31 December 2020: Baht 8.8 million).

25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2021 and 2020 were as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Provision for compensation on employees'				
retirement	67,078	61,514	42,290	37,492
Provision for long service awards	5,918	3,953	5,629	3,726
Other provisions	6,561	5,431	-	-
Total	79,557	70,898	47,919	41,218

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Group, was as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Provision for long-term employee benefits				
at beginning of year	70,898	61,086	41,218	36,711
Included in profit or loss:				
Current service cost	13,925	16,436	7,403	6,683
Interest cost	1,258	1,199	655	583
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	105	-	-	-
Financial assumptions changes	(815)	955	-	-
Experience adjustments	245	316	-	-
Benefits paid during the year	(8,167)	(8,658)	(1,357)	(2,759)
Translation adjustment	2,108	(436)	-	-
Provision for long-term employee benefits				
at end of year	79,557	70,898	47,919	41,218

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Cost of sales	10,739	12,823	4,556	4,542
Selling and administrative expenses	4,444	4,812	3,502	2,724
Total expenses recognised in profit or loss	15,183	17,635	8,058	7,266

The Group expect to pay Baht 6.7 million of long-term employee benefits during the next year (The Company only: Baht 2.3 million) (31 December 2020: Baht 8.3 million (The Company only: Baht 3.5 million)).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 5 - 16 years (The Company only: 9 years) (31 December 2020: 6 - 17 years (The Company only: 10 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Discount rate	1.41 - 6.93	1.41 - 6.50	1.59	1.59
Salary increase rate	1 - 8	1 - 8	1 - 5	1 - 5
Turnover rate	0 - 33	0 - 33	0 - 33	0 - 33

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2021			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(7.8)	9.1	(4.3)	5.1
Salary increase rate	9.4	(8.1)	5.2	(4.5)
Turnover rate	(6.1)	2.8	(4.6)	2.0

(Unit: Million Baht)

As at 31 December 2020

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(6.8)	8.0	(3.8)	5.5
Salary increase rate	7.7	(6.7)	4.2	(3.6)
Turnover rate	(5.5)	2.5	(4.0)	1.8

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside (31 December 2020: Baht 4 million).

27. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Interest expenses on borrowings	128,019	100,188	61,582	33,819
Interest expenses on lease liabilities	9,137	5,153	133	210
Total	137,156	105,341	61,715	34,029

28. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Salaries, wages and other employee benefits	588,935	541,131	293,747	317,016
Depreciation and amortisation	427,999	320,954	135,203	130,616
Raw materials and consumables used	3,063,988	1,985,611	906,699	686,308
Changes in inventories of finished goods and work in process	(85,275)	(13,669)	(47,523)	(11,118)

29. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Current income tax:				
Current corporate income tax charge	65,399	33,855	14,023	33,855
Adjustment in respect of income tax of previous year	(3,380)	-	(3,380)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	149,612	49,009	(1,374)	(1,135)
Relating to actuarial gain (loss)	9	(398)	-	-
Income tax expenses reported in the statement of comprehensive income	211,640	82,466	9,269	32,720

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax relating to actuarial gain (loss)	9	(398)	-	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Accounting profit before tax	387,003	436,150	112,876	188,733
Applicable tax rate	0%, 8%, 20%, 24%, 25.17%	0%, 8%, 20%, 25.17%	8%, 20%	8%, 20%
Accounting profit before tax multiplied by income tax rate	84,158	84,054	22,546	37,747
Adjustment in respect of income tax of previous year	(3,380)	-	(3,380)	-
Effects of:				
Non-deductible expenses	8,246	2,982	1,723	1,958
Additional expense deductions allowed	(3,176)	(5,826)	(3,176)	(5,826)
Dividend which exempted corporate income tax	(10,607)	-	(10,607)	-
Unused tax loss	-	(46,307)	-	-
Disallowance of tax benefit related to goodwill from amended Finance Act	138,947	-	-	-
Others	(2,548)	47,563	2,163	(1,159)
Total	130,862	(1,588)	(9,897)	(5,027)
Income tax expenses reported in the statement of comprehensive income	211,640	82,466	9,269	32,720

The components of deferred tax assets and deferred tax liabilities as at 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	600	791	-	-
Allowance for diminution in value of inventories	1,120	645	371	314
Allowance for assets impairment	125	125	125	125
Accumulated depreciation - equipment	219	242	219	242
Provision for long-term employee benefits	11,253	8,851	9,584	8,244
Contingent liabilities	1,285	1,067	-	-
Cost of amalgamation of subsidiary	146	242	-	-
Unused tax loss	-	41,354	-	-
Total	14,748	53,317	10,299	8,925
Deferred tax liabilities				
Accumulated depreciation - building and equipment	360,731	139,968	-	-
Total	360,731	139,968	-	-
Deferred tax assets (liabilities) - net	(345,983)	(86,651)	10,299	8,925

As at 31 December 2021, a subsidiary has unused tax loss on which deferred tax assets have not been recognised in total of Baht 84 million (31 December 2020: Baht 54 million).

In addition, the Company considered that no temporary differences associated with investments in subsidiaries for which deferred tax liability has been recognised as the Company has no policy to call for dividend from the subsidiaries in countries which have corporate income tax.

International Business Center

On 24 June 2019, the Revenue Department approved the Company to be International Business Center in providing management services, technical services, supporting services, and international trade with tax benefits for 15 accounting periods as from 1 June 2019 to 31 December 2033 under specified requirements.

Benefits from amalgamation - TPAC Packaging India Private Limited

As at amalgamation date, TPAC Packaging India Private Limited granted benefits from amalgamation. The subsidiary is able to utilise tax benefit in respect of difference between fair value and book value of property, plant and equipment, intangible assets, and goodwill.

On 28 March 2021, the Government of India amended Finance Act, which terminated TPAC Packaging India Private Limited's income tax benefits on goodwill of INR 321 million as from 1 April 2020 (according to India's tax fiscal year), and the subsidiary then commenced to have income tax expenses during this tax fiscal year. As at 31 December 2021, the subsidiary had no unused tax loss, write-off deferred tax assets - unused tax losses, and also recognised deferred tax liabilities - accumulated depreciation to reflect the amendment of Finance Act.

Exemption of corporate income tax for companies located in Sharjah Airport International Free Zone in United Arab Emirates

Sun Packaging System (FZC) located in Sharjah Airport International Free Zone in United Arab Emirates, and granted corporate income tax exemption for 50 years as from the subsidiary's founding date in 2004.

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

Consolidated financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2021	2020	2021	2020	2021	2020
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the company					
152,939	321,979	326,550	326,550	0.47	0.99
Separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2021	2020	2021	2020	2021	2020
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the company					
103,606	156,013	326,550	326,550	0.32	0.48

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors. The basis that used to measure operating profit or loss of segment is same as the basis that used to measure operating profit or loss in the financial statements.

For management purposes, the Group is principally engaged in the manufacture and distribution of plastic packaging. Their operations are carried on in two geographic areas in Thailand which consists of the Company and TPAC Packaging (Bangna) Company Limited, and oversea countries which consists of India as operated by TPAC Packaging India Private Limited and TPAC Packaging India II Private Limited, United Arab Emirate as operated by Sun Packaging Systems (FZC), and Malaysia as operated by Combi-Pack Sdn Bhd.

The basis of accounting for any transactions between reportable geographical segments is consistent with that for third party transactions.

The revenue and profit information by geographical segment in the consolidated financial statements for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December							
	Thailand		Overseas countries		Elimination of inter-segment revenues		Consolidation	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales to external customers	1,860,753	1,795,754	3,333,239	2,187,029	-	-	5,193,992	3,982,783
Inter-segment sales	102,138	20,659	15,641	13,419	(117,779)	(34,078)	-	-
Total sales	<u>1,962,891</u>	<u>1,816,413</u>	<u>3,348,880</u>	<u>2,200,448</u>	<u>(117,779)</u>	<u>(34,078)</u>	<u>5,193,992</u>	<u>3,982,783</u>
Segment operating profit	99,498	182,508	425,555	359,292	(893)	(309)	524,160	541,491
Unallocated income and expenses:								
Finance cost							(137,156)	(105,341)
Income tax expenses							(211,632)	(82,864)
Profit for the year							<u>175,372</u>	<u>353,286</u>

Major customers

During the years ended 31 December 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of the Group's revenues.

32. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act. B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Bank of Ayudhaya Public Company Limited and Thanachart Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 6.8 million (The Company only: Baht 6.3 million) (31 December 2020: Baht 6.5 million (The Company only: Baht 5.7 million)) were recognised as expenses.

33. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	95,353	0.292
Total dividends for 2021		95,353	0.292
Final dividends for 2019	Annual General Meeting of the shareholders on 21 April 2020	40,819	0.125
Total dividends for 2020		40,819	0.125

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2021, the Group had capital commitments totaling approximately Baht 16.1 million, USD 0.7 million, EUR 0.3 million, JPY 2.5 million, INR 67.6 million relating to acquisition of machinery and molds (The Company only: Baht 10.7 million, USD 0.5 million, and JPY 2.5 million) (31 December 2020: Baht 14.3 million, USD 1.0 million, EUR 0.6 million, JPY 10.6 million and INR 111.9 million relating to acquisition of machinery and molds (The Company only: Baht 13.5 million, USD 0.4 million, EUR 0.6 million and JPY 4.8 million)).

34.2 Guarantees

As at 31 December 2021, there were outstanding bank guarantees to guarantee electricity and other utilities use, and guarantee for damage goods of Baht 20 million, INR 21 million and MYR 1 million issued by banks on behalf of the Group (The Company only: Baht 14 million) (31 December 2020: Baht 20 million and INR 33 million (The Company only: Baht 14 million)).

34.3 Litigations

TPAC Packaging India Private Limited has been carrying excise duty, and good and service tax under dispute amounting to INR 14 million (31 December 2020: INR 14 million). These contingent liabilities have arisen pursuant to notice received from Indirect tax department. Currently, litigation is in progress pertaining to such disputes at the Courts in India. The management of subsidiary has set aside provision for the potential losses to such case amounting to INR 11 million (31 December 2020: INR 11 million).

In addition, on 20 April 2021, TPAC Packaging India Private Limited received an assessment order of INR 85.8 million from Income tax department of India related to share premium received in India's tax fiscal years 2018-2019. Currently, the subsidiary is in the appeal process of such assessment order. The Group's management and the subsidiary's management believe that the subsidiary will not incur any loss as a result of this assessment order. The subsidiary therefore has not set aside provision for losses resulting from this assessment order.

34.4 Commitments related to Sale and Purchase Agreement and Shareholders Agreement

On 31 December 2021, two subsidiaries entered into the Sale and Purchase Agreement and the Shareholders Agreement between both subsidiaries and group of sellers, as described in Note 13 to the financial statements.

35. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated and Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Assets associated with call options granted by holders of non-controlling interests	-	-	6.4	6.4
Liabilities measured at fair value				
Financial liabilities measured at FVTPL				
Other current financial liabilities				
Foreign exchange forward contracts	-	0.1	-	0.1

	(Unit: Million Baht)			
	Consolidated and Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Other current financial assets				
Foreign exchange forward contracts	-	0.2	-	0.2
Assets associated with call options granted by holders of non-controlling interests	-	-	8.8	8.8

36. Financial instruments

36.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Derivative assets				
Derivative assets not designated as hedging instruments				
Foreign exchange forward contracts	-	165	-	165
Total derivative assets	-	165	-	165
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Foreign exchange forward contracts	23	-	23	-
Total derivative liabilities	23	-	23	-

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from February - March 2022.

36.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, restricted bank deposits, trade and other receivables, bank overdraft and short-term loans from banks, trade and other payables, long-term loans, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks, and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and major customers are diversified as the Group has various customer base and they are reputable customers.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans, debentures, and lease contracts. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows, and included interest payment:

					(Unit: Thousand Baht)
Consolidated financial statements					
As at 31 December 2021					
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from banks	47,189	707,682	-	-	754,871
Trade and other payables	-	618,993	-	-	618,993
Lease liabilities	-	24,077	72,748	210,572	307,397
Long-term loans from banks	-	356,350	1,822,143	402,683	2,581,176
Total non-derivatives	47,189	1,707,102	1,894,891	613,255	4,262,437

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2020

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from banks	18,072	499,466	-	-	517,538
Trade and other payables	-	358,954	-	-	358,954
Lease liabilities	-	11,767	49,789	62,376	123,932
Long-term loans from banks	-	196,696	858,267	-	1,054,963
Debentures	-	123,902	457,709	-	581,611
Total non-derivatives	18,072	1,190,785	1,365,765	62,376	2,636,998

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from banks	47,189	616,484	-	-	663,673
Trade and other payables	-	319,267	-	-	319,267
Lease liabilities	-	1,745	1,207	-	2,952
Long-term loans from banks	-	247,661	1,330,842	290,349	1,868,852
Total non-derivatives	47,189	1,185,157	1,332,049	290,349	2,854,744

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2020

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from banks	18,072	452,027	-	-	470,099
Trade and other payables	-	179,013	-	-	179,013
Lease liabilities	-	2,008	1,624	-	3,632
Long-term loans from banks	-	196,696	858,267	-	1,054,963
Total non-derivatives	18,072	829,744	859,891	-	1,707,707

Market risk

There are three types of market risk comprising currency risk, interest rate risk, and plastic polymers price risk. The Group enters into foreign exchange forward contracts to hedge the foreign currency risk arising on sales transactions.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its sales transactions that are denominated in foreign currencies. Mostly, the Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 currency unit)	
US Dollar	4,092	2,796	1,916	526	33.4199	30.0371
Euro	178	161	200	57	37.8948	36.8764
Pound Sterling	30	13	-	-	45.0984	40.6403
Singapore Dollar	479	-	11	6	24.7357	22.6632
Dirham United Arab Emirates	-	-	-	24	-	8.1774
Australian Dollar	1,253	-	173	-	24.2627	-
Malaysian Ringgit	-	-	9,944	-	8.0143	-
Japanese Yen	-	-	37,800	-	0.2906	-
Swiss Franc	-	-	3	-	36.5228	-
Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 currency unit)	
US Dollar	1,370	993	31	31	33.4199	30.0371
Euro	-	-	89	-	37.8948	-
Singapore Dollar	-	-	2	6	24.7357	22.6632
Malaysian Ringgit	-	-	9,944	-	8.0143	-
Japanese Yen	-	-	37,800	-	0.2906	-
Swiss Franc	-	-	3	-	36.5228	-

As at 31 December 2021, the Group had foreign exchange contracts outstanding are summarised below.

Consolidated and Separate financial statements					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate (Baht per 1 foreign currency unit)		Contractual maturity date
			Bought amount	Sold amount	
US Dollar	-	254	-	32.80 - 33.95	24 February 2022 - 8 March 2022

As at 31 December 2020, the Group had foreign exchange contracts outstanding are summarised below.

Consolidated and Separate financial statements					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate (Baht per 1 foreign currency unit)		Contractual maturity date
			Bought amount	Sold amount	
US Dollar	-	848	-	29.82 - 31.29	6 January 2021 - 29 March 2021

Foreign currency sensitivity

The Group has no significant impact on the Group's profit before tax and equity due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020, as from a reasonably possible change in exchange rates within next one year, with all other variables held constant.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash and cash equivalents, restricted bank deposits, bank overdraft and short-term loans from banks, long-term loans, and debentures. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2021						
	Fixed interest rates			Floating	Non-	
	Within	1-5	More than	interest	interest	Effective
	1 year	years	5 years	rate	bearing	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	-	279	115	394 Note 7
Trade and other receivables	-	-	-	-	1,239	1,239 -
Restricted bank deposits	18	-	-	-	-	18 Note 12
	18	-	-	279	1,354	1,651
Financial liabilities						
Bank overdraft and short-term						
loans from banks	751	-	-	-	-	751 Note 18
Trade and other payables	-	-	-	-	619	619 -
Lease liabilities	14	36	139	-	-	189 Note 23
Long-term loans from banks	33	323	90	1,791	-	2,237 Note 21
	798	359	229	1,791	619	3,796

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2020						
	Fixed interest rates			Floating	Non-	
	Within	1-5	More than	interest	interest	Effective
	1 year	years	5 years	rate	bearing	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	-	173	23	196 Note 7
Trade and other receivables	-	-	-	-	826	826 -
Restricted bank deposits	23	-	-	-	-	23 Note 12
	23	-	-	173	849	1,045
Financial liabilities						
Bank overdraft and short-term						
loans from banks	515	-	-	-	-	515 Note 18
Trade and other payables	-	-	-	-	359	359 -
Lease liabilities	7	29	52	-	-	88 Note 23
Long-term loans from banks	-	-	-	958	-	958 Note 21
Debentures	76	390	-	-	-	466 Note 22
	598	419	52	958	359	2,386

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2021						
	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	4	7	11	Note 7
Trade and other receivables	-	-	-	492	492	-
Short-term loans to related party	7	-	-	-	7	Note 6
	7	-	4	499	510	
Financial liabilities						
Bank overdraft and short-term						
loans from banks	661	-	-	-	661	Note 18
Trade and other payables	-	-	-	319	319	-
Lease liabilities	2	1	-	-	3	Note 23
Long-term loans from banks	-	-	1,672	-	1,672	Note 21
	663	1	1,672	319	2,655	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2020						
	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	3	3	6	Note 7
Trade and other receivables	-	-	-	394	394	-
	-	-	3	397	400	
Financial liabilities						
Bank overdraft and short-term						
loans from banks	468	-	-	-	468	Note 18
Trade and other payables	-	-	-	179	179	-
Lease liabilities	2	2	-	-	4	Note 23
Long-term loans from banks	-	-	958	-	958	Note 21
	470	2	958	179	1,609	

Interest rate sensitivity

The Group has no significant impact on the Group's profit before tax and equity due to changes in the fair value of monetary assets and liabilities to a reasonably possible change in floating interest rate as at 31 December 2021 and 2020, as from a reasonably possible change in interest rates within next one year, with all other variables held constant.

Plastic polymers price risk

The Group is affected from a fluctuation of plastic polymers, as operations of the Group require to purchase plastic polymers, main raw material, for production. The Group has risk related to change in plastic polymers price of forecasted plastic polymers to be consumed.

The Group's Board of Directors has developed and enacted a risk management strategy for plastic polymers price risk by having customer arrangements which allow the Group to adjust pricing to be in line with quarterly price movement of plastic polymers and diversified the risk of supply disruptions by purchasing plastic polymers from multiple local suppliers.

36.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Group estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable, short-term loans to related party, account payable, bank overdraft and short-term loans from banks, the carrying amounts in the statement of financial position approximate their fair value.
- b) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, and fixed rate long-term loans which interest rate is comparable to market rate, in the statement of financial position approximates their fair value.
- c) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies. The Group considers counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

36.4 Reconciliation of recurring fair value measurements, of financial assets and liabilities, categorised within Level 3 of the fair value hierarchy

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	Assets associated with call options granted by holders of non-controlling interests	Total
Balance as at 31 December 2020	8.8	8.8
Net loss recognised into profit or loss	(2.4)	(2.4)
Balance as at 31 December 2021	6.4	6.4

Key assumptions used in the valuation are summarised below.

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Assets associated with call options granted by holders of non-controlling interests	Black Scholes Model	Stock price and strike price	0.16 AED/share	No significant impact

37. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value, and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods. As at 31 December 2021, the Group's interest bearing debt to equity ratio was 1.28:1 (2020: 1.22:1) and the Company's interest bearing debt to equity ratio was 1.30:1 (2020: 0.81:1).

38. Events after the reporting period

38.1 On 25 February 2022, the Company's Board of Directors' Meeting No. 1/2022 passed resolutions of the acquisition of M/s Skypet Polymers as follows:

- Approved TPAC Packaging India Private Limited to increase its share capital in total of INR 20 million by the Company (2 million shares with a par value of INR 10 each) as for initial investment in share capital of TPAC Packaging India II Private Limited (2 million shares with a par value of INR 10 each)
- Approved TPAC Packaging India II Private Limited to enter into long-term loan agreement with a bank in India in total amount of INR 430 million, and working capital facilities in total amount of INR 200 million, whereas the Corporate Guarantee by the Company
- Approved amended plan of the acquisition of M/s Skypet Polymers by TPAC Packaging India II Private Limited, and approved the subsidiaries to amend Sale and Purchase Agreement and the Shareholders Agreement between both subsidiaries and group of sellers. The initial purchase price is amounting to INR 970 million to be paid to group of sellers that consists of
 - 1) Mrs. S. Shanthi - in amount of INR 582 million
 - 2) Mrs. S. Manimekalai - in amount of INR 194 million
 - 3) Mr. S. Selvaraj - in amount of INR 194 millionas agreed to pay the considerations to group of sellers by 87.5% of the initial purchase price on the completion date, and the remaining 12.5% of the initial purchase price on the date as stated in the agreements including interest of 5.5% per annum on the accrued consideration.

Source of funds of TPAC Packaging India II Private Limited for the acquisition of M/s Skypet Polymers are as follows:

- a) TPAC Packaging India II Private Limited will call for initial investment in share capital from TPAC Packaging India Private Limited in total of INR 20 million by the Company (2 million shares with a par value of INR 10 each).
- b) TPAC Packaging India II Private Limited will enter into loan agreement with a bank in India amount of INR 594 million.
- c) TPAC Packaging India II Private Limited will loan from TPAC Packaging India Private Limited amount of INR 356 million.

After TPAC Packaging India II Private Limited accepts the business transfer from M/s Skypet Polymers, the subsidiary will issue and allot newly issued shares capital of 0.5 million shares or equivalent to 20% of the post allotment of total paid-up shares capital of the subsidiary, with a par value of INR 10 each, to Mr. S. Selvaraj, one of the shareholders of M/s Skypet Polymers, at the subscription price at INR 5 million. Mr. S. Selvaraj will also provide loan to TPAC Packaging India II Private Limited amount of INR 89 million.

After TPAC Packaging India II Private Limited receives consideration from Mr. S. Selvaraj in total amount of INR 94 million, the subsidiary will repay short-term loan from a bank in India.

- 38.2 On 25 February 2022, the Company's Board of Directors' Meeting No. 1/2022 passed a resolution to propose the annual general meeting of the Company's shareholders to adopt a resolution to pay a dividend from operating results for the year 2021 of Baht 0.141 per share, totaling Baht 46 million. The dividend will be paid and recorded after it is approved by the annual general meeting of the Company's shareholders.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2022.