

Thai Plaspac Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2020

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 2020, 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 2020, 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.

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 describe 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 and testing 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 representative samples to test the operation of the 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, 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.
- 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.

Goodwill

As discussed in Note 16 to the 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 identified cash generating units and financial model and gained an understanding of and tested the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied by making enquiry of responsible executives and comparing details with sources of information about the Group and the industry.

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 2021

Thai Plaspac Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Current assets					
Cash and cash equivalents	8	195,614,919	34,673,640	5,893,697	6,946,703
Other current financial assets	9	409,994	55,556,182	164,534	-
Trade and other receivables	7, 10	826,037,939	783,877,262	394,389,684	358,006,086
Inventories	11	415,744,378	287,436,208	120,910,680	104,252,642
Advance payment for purchasing of raw materials		8,075,614	74,798,225	-	-
Other current assets	12	115,168,614	51,219,504	37,784,030	29,681,299
Total current assets		1,561,051,458	1,287,561,021	559,142,625	498,886,730
Non-current assets					
Restricted bank deposits	13	23,236,880	25,815,510	-	-
Other non-current financial assets	9	2,267,365	9,040,284	-	-
Investments in subsidiaries	14	-	-	2,560,744,399	2,078,857,751
Property, plant and equipment	15	1,476,101,455	1,480,598,649	453,733,563	456,028,272
Right-of-use assets	24	85,861,164	-	3,381,859	-
Goodwill	16	1,001,817,144	1,010,138,400	-	-
Intangible assets	17	353,498,806	396,591,222	4,254,368	4,693,310
Deferred tax assets	31	8,924,645	7,790,160	8,924,645	7,790,160
Withholding tax deducted at source	18	93,219,177	93,218,705	93,200,804	93,200,804
Advance payment for purchasing of molds		49,949,640	30,466,936	49,145,916	29,968,174
Assets associated with call options granted by holders of non-controlling interests	25	8,839,787	8,839,787	8,839,787	8,839,787
Other non-current assets		58,696,636	36,611,818	21,386,609	7,370,975
Total non-current assets		3,162,412,699	3,099,111,471	3,203,611,950	2,686,749,233
Total assets		4,723,464,157	4,386,672,492	3,762,754,575	3,185,635,963

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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from banks	19	515,341,780	377,400,000	468,192,021	348,400,000
Trade and other payables	7, 20	358,953,593	292,569,744	179,012,644	159,271,828
Current portion of long-term loans from banks	22	165,249,118	134,989,101	165,249,118	114,346,601
Current portion of debentures	23	76,024,879	53,670,500	-	-
Current portion of lease liabilities	24	7,006,413	-	1,884,918	-
Income tax payable		12,827,196	-	12,827,196	-
Other current liabilities	21	36,982,436	24,238,248	17,372,545	12,688,608
Total current liabilities		1,172,385,415	882,867,593	844,538,442	634,707,037
Non-current liabilities					
Long-term loans from banks,					
net of current portion	22	792,652,610	611,812,990	792,652,610	546,642,627
Debentures, net of current portion	23	390,306,813	464,400,462	-	-
Lease liabilities, net of current portion	24	80,908,189	-	1,575,912	-
Liabilities associated with put options granted					
to holders of non-controlling interests	25	-	469,128,425	-	-
Deferred tax liabilities	31	95,575,384	47,895,404	-	-
Provision for long-term employee benefits	26	70,898,147	61,085,671	41,218,115	36,711,177
Total non-current liabilities		1,430,341,143	1,654,322,952	835,446,637	583,353,804
Total liabilities		2,602,726,558	2,537,190,545	1,679,985,079	1,218,060,841

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Shareholders' equity					
Share capital	27				
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	14	20,034,929	-	-	-
Retained earnings					
Appropriated - statutory reserve	28	32,655,000	28,605,000	32,655,000	28,605,000
Unappropriated		912,545,432	636,264,620	696,595,577	585,451,203
Other components of shareholders' equity		(257,076,512)	(274,013,807)	-	-
Equity attributable to owners of the Company		2,061,677,768	1,744,374,732	2,082,769,496	1,967,575,122
Non-controlling interests of the subsidiaries		59,059,831	105,107,215	-	-
Total shareholders' equity		2,120,737,599	1,849,481,947	2,082,769,496	1,967,575,122
Total liabilities and shareholders' equity		4,723,464,157	4,386,672,492	3,762,754,575	3,185,635,963

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

Dee Kae

[Signature]



Directors

Thai Plaspac Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales	7	3,982,783,037	3,755,783,806	1,528,602,422	1,426,401,041
Other income	7	50,675,170	41,917,617	42,085,946	40,033,877
Gain on exchange		6,199,526	4,357,972	652,111	938,111
Total revenues		<u>4,039,657,733</u>	<u>3,802,059,395</u>	<u>1,571,340,479</u>	<u>1,467,373,029</u>
Expenses					
Cost of sales	7	3,025,347,897	3,096,196,774	1,159,572,586	1,148,922,751
Selling and distribution expenses		180,352,709	153,307,517	41,258,488	38,784,550
Administrative expenses	7	292,466,785	257,099,593	147,747,255	151,283,886
Total expenses		<u>3,498,167,391</u>	<u>3,506,603,884</u>	<u>1,348,578,329</u>	<u>1,338,991,187</u>
Profit from operating activities		<u>541,490,342</u>	<u>295,455,511</u>	<u>222,762,150</u>	<u>128,381,842</u>
Finance cost	29	(105,340,519)	(140,955,187)	(34,028,706)	(64,222,907)
Profit before income tax expenses		<u>436,149,823</u>	<u>154,500,324</u>	<u>188,733,444</u>	<u>64,158,935</u>
Income tax revenues (expenses)	31	(82,863,919)	8,559,428	(32,720,320)	(2,105,016)
Profit for the year		<u>353,285,904</u>	<u>163,059,752</u>	<u>156,013,124</u>	<u>62,053,919</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Exchange differences on translation of					
financial statements in foreign currency		16,937,295	(217,737,468)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		16,937,295	(217,737,468)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial loss		(1,270,875)	(8,650,517)	-	(5,442,965)
Less: Income tax effect	31	397,545	1,960,911	-	1,088,593
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(873,330)	(6,689,606)	-	(4,354,372)
Other comprehensive income for the year		<u>16,063,965</u>	<u>(224,427,074)</u>	<u>-</u>	<u>(4,354,372)</u>
Total comprehensive income for the year		<u>369,349,869</u>	<u>(61,367,322)</u>	<u>156,013,124</u>	<u>57,699,547</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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit attributable to:					
Equity holders of the Company		321,979,451	138,841,442	156,013,124	62,053,919
Non-controlling interests of the subsidiaries		31,306,453	24,218,310		
		<u>353,285,904</u>	<u>163,059,752</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		338,086,857	(85,073,865)	156,013,124	57,699,547
Non-controlling interests of the subsidiaries		31,263,012	23,706,543		
		<u>369,349,869</u>	<u>(61,367,322)</u>		
Earnings per share	33				
Basic earnings per share					
Equity holders of the Company		<u>0.99</u>	<u>0.53</u>	<u>0.48</u>	<u>0.24</u>

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
For the year ended 31 December 2020

Consolidated financial statements										(Unit: Baht)
Equity holders of the Company										
	Note	Issued and paid-up share capital	Premium on ordinary shares	Excess from change in ownership interest in the subsidiary	Retained earnings		Other components of shareholders' equity		Equity attributable to non-controlling interests of the subsidiaries	
					Appropriated - Statutory reserve	Unappropriated	Other comprehensive income			
							Exchange differences			
							on translation of financial statements in foreign currency	Total equity attributable to owners of the Company		
Total										
Balance as at 1 January 2019		253,817,676	302,920,904	-	25,500,000	506,706,017	(56,276,339)	1,032,668,258	39,933,895	1,072,602,153
Increased in equity attributable to non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	138,841,442	-	138,841,442	24,218,310	47,400,373
Other comprehensive income for the year		-	-	-	-	(6,177,839)	(217,737,468)	(223,915,307)	(511,767)	24,218,310
Total comprehensive income for the year		-	-	-	-	132,663,603	(217,737,468)	(85,073,865)	23,706,543	163,059,752
Increase share capital	27	72,732,323	724,048,016	-	-	-	-	796,780,339	-	(224,427,074)
Transfer of unappropriated retained earnings to statutory reserve	28	-	-	-	3,105,000	(3,105,000)	-	-	-	(61,367,322)
Liabilities associated with put options granted to holders of non-controlling interests		-	-	-	-	-	-	-	-	796,780,339
Balance as at 31 December 2019		326,549,999	1,026,968,920	-	28,605,000	636,264,620	(274,013,807)	1,744,374,732	(5,933,596)	1,849,481,947
Balance as at 1 January 2020		326,549,999	1,026,968,920	-	28,605,000	636,264,620	(274,013,807)	1,744,374,732	105,107,215	1,849,481,947
Profit for the year		-	-	-	-	321,979,451	-	321,979,451	31,306,453	353,285,904
Other comprehensive income for the year		-	-	-	-	(829,889)	16,937,295	16,107,406	(43,441)	16,063,965
Total comprehensive income for the year		-	-	-	-	321,149,562	16,937,295	338,086,857	31,263,012	369,349,869
Dividend paid	7, 36	-	-	-	-	(40,818,750)	-	(40,818,750)	-	(40,818,750)
Transfer of unappropriated retained earnings to statutory reserve	28	-	-	-	4,050,000	(4,050,000)	-	-	-	-
Change in ownership interest in the subsidiary		-	-	20,034,929	-	-	-	20,034,929	(20,034,929)	-
Liabilities associated with put options granted to holders of non-controlling interests		-	-	-	-	-	-	-	(57,275,467)	(57,275,467)
Balance as at 31 December 2020		326,549,999	1,026,968,920	20,034,929	32,655,000	912,545,432	(257,076,512)	2,061,677,768	59,059,831	2,120,737,599

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 2020

(Unit: Baht)

		Separate financial statements				
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total
				Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2019		253,817,676	302,920,904	25,500,000	530,856,656	1,113,095,236
Profit for the year		-	-	-	62,053,919	62,053,919
Other comprehensive income for the year		-	-	-	(4,354,372)	(4,354,372)
Total comprehensive income for the year		-	-	-	57,699,547	57,699,547
Increase share capital	27	72,732,323	724,048,016	-	-	796,780,339
Transfer of unappropriated retained earnings to statutory reserve	28	-	-	3,105,000	(3,105,000)	-
Balance as at 31 December 2019		326,549,999	1,026,968,920	28,605,000	585,451,203	1,967,575,122
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	7, 36	-	-	-	(40,818,750)	(40,818,750)
Transfer of unappropriated retained earnings to statutory reserve	28	-	-	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

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	436,149,823	154,500,324	188,733,444	64,158,935
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	320,954,179	288,822,627	130,615,818	117,461,634
Allowance for expected credit losses	2,263,831	2,571,418	326,368	1,786,750
Reduction (reversal) of inventories to net realisable value	(232,830)	972,422	1,467,458	(357,154)
Allowance for impairment loss on assets	3,798,727	-	-	-
Loss (gain) on disposals/write-off of machinery and equipment	(1,111,278)	(3,547,937)	347,094	(427,425)
Long-term employee benefits expenses	17,634,871	18,017,009	7,265,803	10,232,988
Unrealised loss (gain) on exchange rate	85,413	170,315	(255,975)	101,782
Gain from fair value measurement of forward exchange contracts	(164,534)	-	(164,534)	-
Amortisation of financial fees	8,792,489	13,063,325	957,692	3,585,551
Dividend income	-	-	-	(28,400,784)
Interest income	(5,252,580)	(1,373,996)	(80,870)	(106,154)
Finance cost	96,548,030	127,891,862	33,071,014	60,637,356
Profit from operating activities before changes in operating assets and liabilities	879,466,141	601,087,369	362,283,312	228,673,479
Operating assets (increase) decrease				
Trade and other receivables	(44,403,905)	74,899,910	(36,436,684)	23,795,593
Inventories	(128,052,047)	28,046,732	(18,125,496)	16,266,229
Other current assets	33,647,015	(64,009,442)	(34,503,217)	(11,492,147)
Other non-current assets	(41,567,523)	(26,230,961)	(33,193,375)	(30,446,109)
Operating liabilities increase (decrease)				
Trade and other payables	79,833,797	(31,852,903)	34,736,860	(105,793)
Other current liabilities	12,744,188	5,093,996	4,683,937	8,254,965
Provision for long-term employee benefits	(8,658,053)	(4,249,668)	(2,758,865)	(1,191,633)
Cash flows from operating activities	783,009,613	582,785,033	276,686,472	233,754,584
Corporate income tax paid	(21,028,082)	(45,459,298)	(21,027,609)	(38,701,697)
Net cash flows from operating activities	761,981,531	537,325,735	255,658,863	195,052,887

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Proceeds from sales of machinery and equipment	4,445,800	12,272,608	275,234	427,425
Acquisition of building, machinery and equipment	(312,963,296)	(224,769,828)	(109,693,267)	(74,043,372)
Acquisition of intangible assets	(439,072)	(3,207,439)	(326,160)	(2,434,582)
Cash paid for investments in subsidiaries	-	(366,239,092)	(481,886,648)	(384,590,034)
Cash paid for call options	-	(8,839,787)	-	(8,839,787)
Dividend received from subsidiary	-	-	-	28,400,784
Decrease (increase) in other current financial assets	55,310,722	(55,556,182)	-	-
Decrease in other non-current financial assets	6,690,804	13,850,009	-	-
Interest received	5,252,580	1,373,996	80,870	106,154
Net cash flows used in investing activities	(241,702,462)	(631,115,715)	(591,549,971)	(440,973,412)
Cash flows from financing activities				
Increase in bank overdraft and short-term loans from banks	137,941,780	91,044,859	119,792,021	127,400,000
Decrease in restricted bank deposits	2,344,143	-	-	-
Cash receipt from long-term loans from banks	425,000,000	374,203,840	425,000,000	374,203,840
Repayment of long-term loans from banks	(214,681,192)	(998,512,353)	(127,982,692)	(982,415,853)
Repayment of debentures	(55,333,825)	-	-	-
Cash paid for lease liabilities	(12,380,497)	-	(1,985,530)	-
Purchase of additional investments in subsidiary from non-controlling interests of the subsidiary	(481,886,648)	-	-	-
Cash paid for financial fees	(1,062,500)	(1,871,019)	(1,062,500)	(1,871,019)
Proceeds from increase in share capital	-	796,780,339	-	796,780,339
Interest paid	(105,470,739)	(142,571,610)	(38,104,447)	(66,966,113)
Dividend paid	(40,818,750)	-	(40,818,750)	-
Net cash flows from (used in) financing activities	(346,348,228)	119,074,056	334,838,102	247,131,194
Decrease in exchange differences on translation of financial statements in foreign currency	(12,989,562)	(54,565,046)	-	-
Net increase (decrease) in cash and cash equivalents	160,941,279	(29,280,970)	(1,053,006)	1,210,669
Cash and cash equivalents at beginning of year	34,673,640	63,954,610	6,946,703	5,736,034
Cash and cash equivalents at end of year (Note 8)	195,614,919	34,673,640	5,893,697	6,946,703
Supplemental cash flows information				
Non-cash items consist of:				
Increase (decrease) in accounts payable for purchasing of fixed assets	(6,042,932)	3,667,574	(9,770,361)	3,589,681
Increase in liabilities associated with put options granted to holders of non-controlling interests	-	5,933,596	-	-
Increase in lease liabilities	95,401,175	-	5,236,802	-

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 2020

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 an individual. 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.

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	
			2020	2019
			Percent	Percent
<u>Subsidiaries held by the Company</u>				
TPAC Packaging India Private Limited	Manufacturing and distribution of plastic packaging	India	100	80
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

- 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

a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments. These standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17, Leases, together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

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

The Group applied the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the right-of-use assets and lease liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to not taking into account of forward-looking information when determining expected credit losses, determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised, not considering the COVID-19 situation as an indication that an asset may be impaired, and not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of 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 management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to TFRS 16. There is no cumulative effect adjustment of initially applying these standards to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position due to the adoption of these standards are presented as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	95,401	95,401
Current liabilities			
Current portion of lease liabilities	-	6,705	6,705
Non-current liabilities			
Lease liabilities, net of current portion	-	88,696	88,696

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	5,237	5,237
Current liabilities			
Current portion of lease liabilities	-	1,799	1,799
Non-current liabilities			
Lease liabilities, net of current portion	-	3,438	3,438

4.1 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application of TFRS 16.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	20,081	3,487
Add: Option to extend lease term	127,732	3,132
Less: Contracts reassessed as service agreements	(11,908)	(1,005)
Less: Deferred interest expenses	(40,504)	(377)
Increase in lease liabilities due to TFRS 16 adoption	95,401	5,237
Comprise of:		
Current lease liabilities	6,705	1,799
Non-current lease liabilities	88,696	3,438
	95,401	5,237

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Land and land improvement	15,263	-
Buildings and building improvement	77,755	3,261
Furniture and office equipment	998	591
Motor vehicles	1,385	1,385
Total right-of-use assets	95,401	5,237

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.

5.4 Investments in subsidiaries

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

5.5 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.

5.6 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.

5.7 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 a systematic 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 years	-
Computer software	3 - 10 years	5 - 10 years

5.8 Goodwill

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 Company 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.

5.9 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

Accounting policies adopted since 1 January 2020

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.

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.10 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 associated companies, 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.

5.11 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.

5.12 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.

5.13 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 asset, 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.

5.14 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

5.15 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.

5.16 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.

5.17 Financial instruments

Accounting policies adopted since 1 January 2020

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.

Derecognition of financial instruments

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 neither transferred nor retained substantially all the risks and rewards of the asset but 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 in 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. It is 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.

Accounting policies adopted before 1 January 2020

Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts (if any) is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.18 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.

5.19 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.

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

The Company granted put options to holders of non-controlling interests. The Company does not have unconditional right to avoid the delivery of cash if holders of non-controlling interests exercise their put options. The Company recognises liabilities associated with put options, calculated by present value of expected exercise price, and presents in non-current liabilities in the consolidated statement of financial position as non-interest bearing debt. The amount also presents offset from non-controlling interests of the subsidiary in the consolidated statement of financial position and the consolidated statement of changes in shareholders' equity. The amount is to revalue at the end of reporting period, whereby the difference is to recognise in shareholders' equity.

6. 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.

7. Related party transactions

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

Name of entities	Nature of relationships
TPAC Packaging India Private Limited	Subsidiary
TPAC Packaging (Bangna) Company Limited	Subsidiary
Sun Packaging Systems (FZC)	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 year ended 31 December				
	Consolidated financial statements		Separate financial statements		
	2020	2019	2020	2019	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	4	7	Close to market price
Purchase of goods	-	-	18	15	Close to market price
Dividend income	-	-	-	28	2019: Baht 2.8 per share
Management fee income	-	-	29	-	Contract price
<u>Transaction with related company</u>					
Purchase of goods	61	37	10	16	Close to market price
<u>Transaction with related persons</u>					
Dividend paid	30	-	30	-	Baht 0.125 per share

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
(Note 10)				
Subsidiaries	-	-	510	255
Total	-	-	510	255
<u>Trade payables - related parties</u>				
(Note 20)				
Subsidiaries	-	-	5,183	3,208
Related companies	12,015	5,658	5,500	2,120
Total	12,015	5,658	10,683	5,328

Directors and management's benefits

During the year ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term benefits	77,348	63,199	56,740	44,387
Post-employment benefits	3,702	5,308	3,283	4,973
Other long-term benefits	25	22	25	21
Total	81,075	68,529	60,048	49,381

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiary, as described in Notes 22 and 23 to financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	234	194	80	65
Cash at banks	195,381	34,480	5,814	6,882
Total	195,615	34,674	5,894	6,947

As at 31 December 2020, cash at banks carried interests between 0.05 and 2.60 percent per annum (The Company only: between 0.05 and 0.15 percent per annum) (31 December 2019: between 0.25 and 0.75 percent per annum (The Company only: between 0.25 and 0.75 percent per annum)).

9. Other current financial assets / Other non-current financial assets

As at 31 December 2020 and 2019, the Group had other current financial assets and other non-current financial assets as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Other current financial assets				
<u>Debt instruments at amortised cost</u>				
Time deposits from 3 months to 1 year (Interest rate 4.9 percent per annum (31 December 2019: 1.6 percent per annum))	245	49,255	-	-
Total debt instruments at amortised cost	245	49,255	-	-
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	165	-	165	-
Investment in open-end funds	-	6,301	-	-
Total financial assets at FVTPL	165	6,301	165	-
Total other current financial assets	410	55,556	165	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Other non-current financial assets				
<u>Debt instruments at amortised cost</u>				
Time deposits more than 1 year				
(Interest rate between 5.4 to 7.0 percent per annum				
(31 December 2019: 6.6 to 8.0 percent per annum))	2,267	9,040	-	-
Total other non-current financial assets	2,267	9,040	-	-

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	510	255
Total trade receivables - related parties	-	-	510	255
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	609,538	551,869	281,299	270,807
Past due				
Up to 1 month	125,054	140,008	75,622	68,925
1 - 2 months	15,407	31,480	4,822	7,572
2 - 3 months	9,996	15,107	2,577	3,914
3 months - 1 year	5,368	15,107	109	6,359
1 year - 2 years	1,089	5,816	590	5,385
Over 2 years	5,099	103	4,686	-
Total	771,551	759,490	369,705	362,962
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(8,924)	(6,737)	(5,537)	(5,211)
Total trade receivables - unrelated parties	762,627	752,753	364,168	357,751
<u>Other receivables - related parties</u>				
Other receivables	-	-	29,712	-
Total other receivables - related parties	-	-	29,712	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Other receivables - unrelated parties</u>				
Value added tax refundable	26,109	12,182	-	-
Other receivables	37,302	18,942	-	-
Total other receivables - unrelated parties	63,411	31,124	-	-
Total trade and other receivables	826,038	783,877	394,390	358,006

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	6,737	5,211
Increase during the year	2,264	326
Translation adjustment	(77)	-
As at 31 December 2020	8,924	5,537

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	144,703	130,564	(3,290)	(1,151)	141,413	129,413
Work in process	16,931	12,732	(18)	(258)	16,913	12,474
Raw materials	228,267	118,760	(1,932)	(3,427)	226,335	115,333
Packing materials	26,375	27,150	(210)	(870)	26,165	26,280
Factory supplies	4,918	3,936	-	-	4,918	3,936
Total	421,194	293,142	(5,450)	(5,706)	415,744	287,436

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	58,571	44,962	(1,725)	(100)	56,846	44,862
Work in process	10,469	7,608	-	-	10,469	7,608
Raw materials	35,049	32,933	(220)	(177)	34,829	32,756
Packing materials	13,872	15,315	(23)	(224)	13,849	15,091
Factory supplies	4,918	3,936	-	-	4,918	3,936
Total	122,879	104,754	(1,968)	(501)	120,911	104,253

During the current year, the Group reduced cost of inventories by Baht 2.1 million (The Company only: Baht 1.9 million) (31 December 2019: Baht 1.4 million (The Company only: Baht 0.2 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 2.4 million (The Company only: Baht 0.4 million) (31 December 2019: Baht 0.4 million (The Company only: Baht 0.6 million)), and reduced the amount of inventories recognised as expenses during the year.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Asset held for sale	57,274	-	-	-
Prepaid expenses	11,493	9,968	3,215	3,104
Cost of molds for amortisation	34,153	26,153	33,104	26,153
Advance payment	2,412	7,619	-	-
Others	9,837	7,480	1,465	424
Total	115,169	51,220	37,784	29,681

13. Restricted bank deposits

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 (31 December 2019: 4.00 percent per annum).

14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
TPAC Packaging India Private Limited	2,108 Million Rupee	2,108 Million Rupee	100	80	2,069,154	1,587,268	-	-
TPAC Packaging (Bangna) Company Limited	101 Million Baht	101 Million Baht	100	100	107,000	107,000	-	28,401
Sun Packaging Systems (FZC)	0.45 Million Dirham United Arab Emirates	0.45 Million Dirham United Arab Emirates	89	89	384,590	384,590	-	-
Total					2,560,744	2,078,858	-	28,401

Put options and call options to sell/buy 20% of shares in TPAC Packaging India Private Limited

On 15 November 2017, the Company entered into Implementation Agreement and Shareholders Agreement between the Company, Sunrise Containers Limited and former shareholders. Former shareholders have put options which were rights to sell all remaining 20% of shares in TPAC Packaging India Private Limited to the Company. The Company has call options which were rights to buy all remaining 20% of shares in TPAC Packaging India Private Limited from former shareholders.

On 22 September 2020, the Company entered into share purchase agreement between the Company, and former shareholders to purchase 20% of shares in TPAC Packaging India Private Limited in total of INR 1,115.8 million or Baht 481.9 million, and put options and call options were cancelled.

Purchase of 20% of shares in TPAC Packaging India Private Limited

On 5 October 2020, the Company paid cash consideration to former shareholders to purchase 20% of shares in TPAC Packaging India Private Limited in total of INR 1,115.8 million or Baht 481.9 million. The purchase transaction was completed on 22 October 2020.

The effect of change in ownership interest in the subsidiary is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance of non-controlling interest of the subsidiary	501,922
Less: Purchase of additional investment in the subsidiary from non-controlling interest of the subsidiary	(481,887)
Excess from change in ownership interest in the subsidiary	20,035

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 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 25 to financial statements.

Approval of investment in solar rooftop business

On 26 February 2019, the Board of Directors' Meeting of the Company No. 1/2019 and the Board of Directors' Meeting of TPAC Packaging (Bangna) Company Limited No. 1/2019 approved TPAC Packaging (Bangna) Company Limited to establish its wholly owned subsidiary to invest in solar rooftop business. The registered shares will not exceed Baht 30 million for shares totaling not exceed 3,000,000 shares with par value of Baht 10 each.

14.2 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		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Sun Packaging Systems (FZC)	11	11	59,060	48,680	12,113	1,280	-	-

14.3 Summarised financial information that based on amounts before inter-company elimination about Sun Packaging Systems (FZC) that has material non-controlling interest.

Summarised information about financial position

	(Unit: Million Baht)	
	2020	2019
Current assets	282	141
Non-current assets	95	49
Current liabilities	64	33
Non-current liabilities	40	4

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended	
	31 December	
	2020	2019
Revenues	432	133
Profit	126	12
Other comprehensive income	(4)	(11)
Total comprehensive income	122	1

Summarised information about cash flow

	(Unit: Million Baht)	
	For the years ended	
	31 December	
	2020	2019
Cash flow from operating activities	169	47
Cash flow from investing activities	(22)	(54)
Net increase (decrease) in cash and cash equivalents	147	(7)

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated 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 2019	258,073	375,721	19,115	1,957,398	15,455	32,869	2,658,631
Additions	35,666	3,585	4,079	47,136	-	137,971	228,437
Increase from acquisition of subsidiary	-	65,624	1,041	39,692	130	-	106,487
Transfer in (out)	-	3,136	402	120,018	-	(123,556)	-
Disposals/write-off	-	(2,106)	(1,293)	(32,007)	(599)	(3,561)	(39,566)
Translation adjustment	(20,750)	(18,879)	(436)	(62,208)	(344)	(684)	(103,301)
31 December 2019	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
Accumulated depreciation:							
1 January 2019	-	129,385	9,706	1,027,836	10,733	-	1,177,660
Depreciation for the year	-	20,223	4,251	209,993	1,623	-	236,090
Depreciation on disposals/ write-off	-	(67)	(1,293)	(29,390)	(127)	-	(30,877)
Translation adjustment	-	(1,086)	(207)	(11,533)	(75)	-	(12,901)
31 December 2019	-	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
Allowance for impairment loss:							
31 December 2019	-	-	-	117	-	-	117
Increase during the year	2,199	-	-	1,600	-	-	3,799
Transfer out to asset held for sale	(2,199)	-	-	-	-	-	(2,199)
31 December 2020	-	-	-	1,717	-	-	1,717
Net book value:							
31 December 2019	272,989	278,626	10,451	873,006	2,488	43,039	1,480,599
31 December 2020	211,529	266,324	11,164	902,623	2,225	82,236	1,476,101
Depreciation for the year							
2019 (Baht 217 million included in manufacturing cost, and the balance in selling and administrative expenses)							236,090
2020 (Baht 240 million included in manufacturing cost, and the balance in selling and administrative expenses)							243,201

(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 2019	54,275	208,758	12,333	1,291,086	12,291	24,481	1,603,224
Additions	-	1,164	2,590	42,286	-	31,593	77,633
Transfer in (out)	-	-	-	30,452	-	(30,452)	-
Disposals/write-off	-	-	(16)	(13,292)	-	-	(13,308)
31 December 2019	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
Accumulated depreciation:							
1 January 2019	-	126,962	9,034	977,529	10,545	-	1,124,070
Depreciation for the year	-	7,503	1,551	90,734	854	-	100,642
Depreciation on disposals/ write-off	-	-	(16)	(13,292)	-	-	(13,308)
31 December 2019	-	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
Allowance for impairment loss:							
31 December 2019	-	-	-	117	-	-	117
31 December 2020	-	-	-	117	-	-	117
Net book value:							
31 December 2019	54,275	75,457	4,338	295,444	892	25,622	456,028
31 December 2020	54,275	70,792	3,722	289,050	1,185	34,709	453,733
Depreciation for the year							
2019 (Baht 98 million included in manufacturing cost, and the balance in selling and administrative expenses)							100,642
2020 (Baht 99 million included in manufacturing cost, and the balance in selling and administrative expenses)							101,595

As at 31 December 2020, 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 1,144 million (The Company only: Baht 820 million) (31 December 2019: Baht 1,108 million (The Company only: Baht 758 million)).

As at 31 December 2019, the Company has pledged all machinery of TPAC Packaging (Bangna) Company Limited amounting to Baht 45 million as collateral against long-term loan from bank which was redeemed by the Company in January 2020.

As at 31 December 2020, all property, plant and equipment of TPAC Packaging India Private Limited amounting to INR 1,950 million (31 December 2019: INR 2,077 million) has been pledged as collateral against non-convertible debenture as stated in Note 23 to financial statements and partial property, plant and equipment of the subsidiary has been pledged as collateral against bank overdrafts as stated in Note 19 to financial statements.

16. Goodwill

Movements in goodwill in the consolidated financial statements for the year ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	TPAC Packaging		
	India Private Limited	Sun Packaging Systems (FZC)	Total
Balance as at 1 January 2019	942,636	-	942,636
Increase from acquisition of subsidiary	-	168,733	168,733
Translation adjustment	(96,436)	(4,795)	(101,231)
Balance as at 31 December 2019	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

The Group allocated goodwill arising from business combination to each cash-generating unit for the purpose of performing annual impairment testing by assessing the recoverable amount of each cash-generating unit based on the value in use of the assets, using projections of cash inflows that were prepared with reference to financial projections approved by the management and that covered a 5-year period for both companies.

The significant assumptions used in determining the value in use were as follows:

	TPAC	
	Packaging India Private Limited	Sun Packaging Systems (FZC)
Sales growth rate	7% - 8%	8%
Pre-tax discount rate	13%	10%

The management determined the sales growth rates of each subsidiary based on historical operating results, markets and production capacity. The pre-tax discount rates reflect the specific risk profile of each company. The management believed there is no impairment of goodwill.

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

17. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Tradename	Customer relationship	Computer software	Total
1 January 2019	222,824	180,141	9,155	412,120
Additions	-	-	3,207	3,207
Increase from acquisition of subsidiaries	-	73,572	-	73,572
Translation adjustment	(22,687)	(19,973)	(82)	(42,742)
31 December 2019	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
Accumulated amortisation:				
1 January 2019	3,052	8,170	3,929	15,151
Amortisation for the year	8,399	26,721	1,457	36,577
Translation adjustment	(704)	(1,933)	(35)	(2,672)
31 December 2019	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
Allowance for impairment loss:				
31 December 2019	-	-	510	510
31 December 2020	-	-	510	510
Net book value:				
31 December 2019	189,390	200,782	6,419	396,591
31 December 2020	179,715	168,322	5,462	353,499

(Unit: Thousand Baht)

	Separate financial statements	
	Computer software	Total
Cost:		
1 January 2019	7,279	7,279
Additions	2,434	2,434
31 December 2019	9,713	9,713
Additions	326	326
31 December 2020	10,039	10,039
Accumulated amortisation:		
1 January 2019	3,846	3,846
Amortisation for the year	664	664
31 December 2019	4,510	4,510
Amortisation for the year	765	765
31 December 2020	5,275	5,275
Allowance for impairment loss:		
31 December 2019	510	510
31 December 2020	510	510
Net book value:		
31 December 2019	4,693	4,693
31 December 2020	4,254	4,254

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.

18. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Withholding tax in 2017	22,844	22,844	22,844	22,844
Withholding tax in 2018	35,562	35,562	35,546	35,546
Withholding tax in 2019	34,813	34,813	34,811	34,811
Total	93,219	93,219	93,201	93,201

The Company and its subsidiary regards 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 Revenue officials.

19. Bank overdraft and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(% per annum)		financial statements	
	2020	2019	2020	2019
Bank overdraft	5.85 - 5.88	-	5,542	-
Short-term loans from banks	1.63 - 2.60	1.73 - 2.52	509,800	377,400
Total			515,342	377,400

(Unit: Thousand Baht)

	Interest rate		Separate	
	(% per annum)		financial statements	
	2020	2019	2020	2019
Bank overdraft	5.88	-	4,192	-
Short-term loans from banks	1.63 - 2.00	1.73 - 2.33	464,000	348,400
Total			468,192	348,400

Under the credit facility agreement for short-term and long-term loans, the Group have 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.

Overdraft credit facility of TPAC Packaging India Private Limited are secured by the mortgage of property, plant and partial equipment of the subsidiary as stated in Note 15 to financial statements.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable - related parties	12,015	5,658	10,683	5,328
Trade accounts payable - unrelated parties	189,834	150,135	92,866	82,742
Accounts payable for purchasing of fixed assets	8,920	14,962	1,707	11,478
Accrued expenses	73,225	105,982	15,394	45,963
Other payables	74,960	15,833	58,363	13,761
Total	358,954	292,570	179,013	159,272

21. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Advance received for molds	28,736	14,608	14,310	9,895
Others	8,246	9,630	3,063	2,794
Total	36,982	24,238	17,373	12,689

22. Long-term loans from banks

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2020	2019	2020	2019
1	9.50, 9.30 and as specified in the agreement	Quarterly installments as from 26 November 2018	-	86,699	-	-
2	MLR - 1.75	Quarterly installments as from 25 February 2019	548,555	663,788	548,555	663,788
3	MLR - 2.00	Quarterly installments as from 30 December 2019	412,251	-	412,251	-
Total			960,806	750,487	960,806	663,788
Less: Deferred financial fees			(2,904)	(3,685)	(2,904)	(2,798)
Net			957,902	746,802	957,902	660,990
Less: Current portion			(165,249)	(134,989)	(165,249)	(114,347)
Long-term loans, net of current portion			792,653	611,813	792,653	546,643

Movement of the long-term loans account during the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	746,802	660,990
Add: Additional borrowings	425,000	425,000
Financial fees amortisation	1,844	958
Less: Repayment	(214,681)	(127,983)
Financial fees paid	(1,063)	(1,063)
Balance as at 31 December 2020	957,902	957,902

Loan 1

On 23 July 2018, the meeting of Board of Directors of a subsidiary (TPAC Packaging India Private Limited) passed a resolution to approve a loan from a bank in India in total amount not exceed than INR 1,300 million to invest 80% of shares in Sunrise Containers Limited and as a working capital of the subsidiary. Subsequently, on 8 August 2018, the subsidiary entered into a loan agreement with a bank of INR 250 million. The loan carries interest at the rate of 9.50% and 9.30% per annum during the first 12 months and 24 months, respectively, from drawdown date and the interest rate after those periods will be renegotiated as specified in the agreement. The loan was unsecured but guaranteed by the Company (Corporate Guarantee) for facilities amount INR 1,150 million. The loan is repayable by quarterly installments not less than INR 5 million within 5 years from the drawdown date. The subsidiary had fully drawn down the loan on 28 August 2018.

Under the loan agreement, the subsidiary has to comply with certain financial terms as specified in the agreement, such as maintaining of debt to equity ratio and debt service coverage ratio, to be in line with the rates stipulated in the agreement. The subsidiary is required to obtain approval from the financial institutions for dividend payment if their agreed financial ratios are not complied with prescribed terms.

On 26 August 2020, the Company made full repayment of the above long-term loan.

Loan 2

On 9 August 2018, the meeting of the Board of Directors of the Company 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 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 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 3

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 an 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 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.

23. Debentures

- 23.1 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 2020, the Company has not issued the debentures.
- 23.2 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 has 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 13 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.

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

						(Unit: Thousand Baht)	
						Consolidated	
						financial statements	
Debenture	Issue date	Maturity date	Term (years)	Interest rate (% per annum)	Interest payment	2020	2019
1	24 August 2018	24 August 2023	5	9.62% / specified condition	every 6 months	478,647	536,705
Less: Deferred cost of issuing debentures						(12,315)	(18,634)
Net						466,332	518,071
Less: Current portion						(76,025)	(53,671)
Long-term debentures, net of current portion						390,307	464,400

Movement of debentures during the year ended 31 December 2020 are summarised below:

		(Unit: Thousand Baht)
		Consolidated
		financial statements
Balance as at 1 January 2020		518,071
Add: Cost of issuing debentures amortisation		6,949
Less: Repayment		(55,334)
Translation adjustment		(3,354)
Balance as at 31 December 2020		466,332

24. 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 - 3 years).

24.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and land improvement	Buildings and building improvement	Furniture and office equipment	Motor vehicles	Total
Net book value as at 31 December 2019	-	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	15,263	77,755	998	1,385	95,401
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

(Unit: Thousand Baht)

	Separate financial statements			
	Buildings and building improvement	Furniture and office equipment	Motor vehicles	Total
Net book value as at 31 December 2019	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	3,261	591	1,385	5,237
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

24.2 Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	123,627	-	3,631	-
Less: Deferred interest expenses	(35,713)	-	(170)	-
Total	87,914	-	3,461	-
Less: Portion due within one year	(7,006)	-	(1,885)	-
Lease liabilities - net of current portion	80,908	-	1,576	-

Movement of long-term lease liabilities for the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 31 December 2019	-	-
Adjustments of lease liabilities due to TFRS 16 adoption	95,401	5,237
Net book value as at 1 January 2020	95,401	5,237
Increase from interest payment	5,153	210
Decrease from repayment	(12,381)	(1,986)
Translation adjustment	(259)	-
Net book value as at 31 December 2020	87,914	3,461

A maturity analysis of lease payments is disclosed in Note 39.2 under the liquidity risk.

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

	(Unit: Thousand Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	9,606	1,855
Interest expense on lease liabilities	5,153	210
Expense relating to short-term leases	5,411	4,284
Expense relating to leases of low-value assets	7,091	1,846

24.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 12 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. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 95 million (The Company only: Baht 5 million). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 37.2 to the financial statements.

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

TPAC Packaging India Private Limited

On 15 November 2017, the Company entered into Implementation Agreement and Shareholders Agreement between the Company, Sunrise Containers Limited and former shareholders. Former shareholders have put options which were rights to sell all remaining 20% of shares in TPAC Packaging India Private Limited to the Company. The Company does not have an unconditional right to avoid the delivery of cash if holders of non-controlling interests exercise their put options. Put options granted to holders of non-controlling interests are summarised below.

First exercise of put options:

Within 90 days from the adoption date of the audited accounts of TPAC Packaging India Private Limited which already approved from its Annual General Meeting of the shareholders for the financial year 2020-2021 but no later than 30 September 2021, holders of non-controlling interest have right of put options to sell all their shares at the option price based on specified terms and conditions as stated in the agreement.

Second exercise of put options:

During the period 29 August 2024 - 28 August 2025, holders of non-controlling interest have right of put options to sell all their shares at the fair market value.

On 22 September 2020, the Company entered into share purchase agreement between the Company, and former shareholders to purchase 20% of shares in TPAC Packaging India Private Limited in total of INR 1,115.8 million or Baht 481.9 million, and put options and call options were cancelled, as described in Note 14 to the financial statements.

Sun Packaging Systems (FZC)

On 24 April 2019, the Company entered into Shareholders Agreement between the Company, Sun Packaging Systems (FZC) and 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 2020, the Company recorded assets associated with call options granted to holders of non-controlling interests amount Baht 8.8 million in consolidated and separate financial statements (31 December 2019: Baht 8.8 million).

26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2020 and 2019 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Provision for compensation on employees' retirement	61,514	55,701	37,492	32,961
Provision for long service awards	3,953	3,924	3,726	3,750
Other provisions	5,431	1,461	-	-
Total	70,898	61,086	41,218	36,711

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	
	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	61,086	35,929	36,711	22,227
Increase of provision for long-term employee benefits from acquisition of subsidiary	-	3,403	-	-
Included in profit or loss:				
Current service cost	16,436	7,556	6,683	3,955
Interest cost	1,199	1,695	583	810
Past service cost	-	8,766	-	5,468
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	225	-	670
Financial assumptions changes	955	8,488	-	4,605
Experience adjustments	316	(62)	-	168
Benefits paid during the year	(8,658)	(4,250)	(2,759)	(1,192)
Translation adjustment	(436)	(664)	-	-
Provisions for long-term employee benefits at end of year	70,898	61,086	41,218	36,711

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	
	2020	2019	2020	2019
Cost of sales	12,823	11,848	4,542	5,988
Selling and administrative expenses	4,812	6,169	2,724	4,245
Total expenses recognised in profit or loss	17,635	18,017	7,266	10,233

The Group expect to pay Baht 8.3 million of long-term employee benefits during the next year (The Company only: Baht 3.5 million) (31 December 2019: 8.1 million (The Company only: Baht 2.7 million)).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 6 - 17 years (The Company only: 10 years) (31 December 2019: 7 - 17 years (The Company only: 11 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate	1.41 - 6.50	1.41 - 7.20	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 2020 and 2019 are summarised below:

	(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

	(Unit: Million Baht)			
	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(5.9)	6.9	(3.3)	3.9
Salary increase rate	6.3	(5.5)	3.4	(2.9)
Turnover rate	(4.9)	2.1	(3.5)	1.6

Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities of Baht 8.8 million (The Company only: Baht 5.5 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the year 2019.

27. Share capital

On 15 October 2019, the Extraordinary General Meeting of Shareholders No. 2/2019 approved the following resolutions:

- The registered share capital, which have not been distributed, decreased by 1,182,324 shares at par value of Baht 1 each, totaling Baht 1,182,324. The Company registered the decrease in share capital with the Ministry of Commerce on 22 November 2019.
- The registered share capital increased by issuing new 72,732,324 shares at par value of Baht 1 each, totaling Baht 72,732,324. The Company registered the increase in share capital with the Ministry of Commerce on 27 November 2019.
- An allocation of 72,732,324 additional shares are to existing shareholders at Baht 11 per share with allocation ratio at 3.4898 shares per 1 new share, and shareholders have right to reserve new shares more than allocation ratio.

During 14 - 20 November 2019, the Company allocated additional 72,732,323 shares at Baht 11 per share, and received totaling Baht 800 million. The expense in respect of additional share issuance totaling Baht 3.2 million was deducted from share premium.

28. 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.

During the year 2020, the Company transferred retaining earnings to a statutory reserve by Baht 4 million (2019: Baht 3 million).

29. Finance cost

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2020	2019	2020	2019
Interest expenses on borrowings	100,188	140,955	33,819	64,223
Interest expenses on lease liabilities	5,153	-	210	-
Total	105,341	140,955	34,029	64,223

30. Expenses by nature

Significant expenses classified by nature are as follow:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	541,131	488,503	317,016	295,279
Depreciation and amortisation	320,954	291,217	130,616	117,408
Raw materials and consumables used	1,985,611	2,004,498	686,308	706,199
Changes in inventories of finished goods and work in process	(13,669)	24,537	(11,118)	12,707

31. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	33,855	10,647	33,855	3,890
Deferred tax:				
Relating to origination and reversal of temporary differences	49,009	(6,445)	(1,135)	(1,785)
Relating to actuarial loss	(398)	(1,961)	-	(1,089)
Effect of the change in tax rate	-	(12,761)	-	-
Income tax expenses (income) reported in the statement of comprehensive income	82,466	(10,520)	32,720	1,016

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2020	2019	2020	2019
Deferred tax relating to actuarial loss	(398)	(1,961)	-	(1,089)

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

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	438,604	154,500	188,733	64,159
Applicable tax rate	0%, 8%, 20%, 25.17%	0%, 20%, 25.17%	8%, 20%	20%
Accounting profit before tax multiplied by income tax rate	84,054	41,472	37,747	12,832
Effect of the change in tax rate	-	(12,761)	-	-
Effects of:				
Non-deductible expenses	2,982	3,956	1,958	2,374
Additional expense deductions allowed	(5,826)	(6,686)	(5,826)	(5,727)
Dividend which exempted corporate income tax	-	-	-	(5,680)
Adjustment in respect of income tax of previous year	-	585	-	-
Unused tax loss	(46,307)	(52,515)	-	-
Others	47,563	15,429	(1,159)	(2,783)
Total	(1,588)	(39,231)	(5,027)	(11,816)
Income tax expenses (income) reported in the statement of comprehensive income	82,466	(10,520)	32,720	1,016

The components of deferred tax assets and deferred tax liabilities as at 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	791	361	-	-
Allowance for diminution in value				
of inventories	645	455	314	100
Allowance for assets impairment	125	125	125	125
Accumulated depreciation - equipment	242	223	242	223
Provision for long-term employee				
benefits	8,851	7,710	8,244	7,342
Contingent liabilities	1,067	1,163	-	-
Cost of amalgamation of subsidiary	242	354	-	-
Unused tax loss	41,354	52,515	-	-
Total	53,317	62,906	8,925	7,790
Deferred tax liabilities				
Accumulated depreciation - building and				
equipment	139,968	103,011	-	-
Total	139,968	103,011	-	-
Deferred tax assets (liabilities) - net	(86,651)	(40,105)	8,925	7,790

As at 31 December 2020 and 2019, TPAC Packaging India Private Limited has accumulated unused tax loss in total of INR 511 million and INR 503 million which has taxable benefit years as granted by law. One of subsidiaries has unused tax loss on which deferred tax assets have not been recognised in total of Baht 54 million (31 December 2019: Nil).

As at 31 December 2020 and 2019, the Company considered that no temporary differences associated with investments in subsidiaries for which deferred tax liability has been recognised as the Company has been approved to be International Business Center, and one of subsidiary has accumulated unused tax loss.

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

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.

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.

32. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of plastic consumer packaging, pursuant to the investment promotion certificate No. 59-1321-1-03-1-0 issued on 17 October 2016 and No. 59-1322-1-03-1-0 issued on 17 October 2016. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues.

These two investment promotion certificates have been withdrawn all promotional privileges on 15 September 2020.

During the year, the Company had not generated revenues from operations in respect of these two certificates.

33. 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 and diluted earnings per share:

Consolidated financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2020	2019	2020	2019	2020	2019	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the parent						
321,979	138,841	326,550	260,593	0.99	0.53	
Separate financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2020	2019	2020	2019	2020	2019	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the parent						
156,013	62,054	326,550	260,593	0.48	0.24	

34. 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. 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 Company and its subsidiaries are 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 United Arab Emirate as operated by Sun Packaging Systems (FZC).

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 year ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December							
	Thailand		Overseas countries		Elimination of inter-segment revenues		Consolidation	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales to external customers	1,795,754	1,747,525	2,187,029	2,008,259	-	-	3,982,783	3,755,784
Inter-segment sales	20,659	21,368	13,419	4,956	(34,078)	(26,324)	-	-
Total sales	<u>1,816,413</u>	<u>1,768,893</u>	<u>2,200,448</u>	<u>2,013,215</u>	<u>(34,078)</u>	<u>(26,324)</u>	<u>3,982,783</u>	<u>3,755,784</u>
Segment operating profit	182,508	104,024	359,292	191,620	(309)	(188)	541,491	295,456
Unallocated income and expenses:								
Finance cost							(105,341)	(140,955)
Income tax revenues (expenses)							(82,864)	8,559
Profit for the year							<u>353,286</u>	<u>163,060</u>

Major customers

During the year ended 31 December 2020 and 2019, the Group have no major customer with revenue of 10 percent or more of the Company and its subsidiaries' revenues.

35. 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. During the year 2020, the Group contributed by Baht 6.5 million (The Company only: Baht 5.7 million) (31 December 2019: Baht 6 million (The Company only: Baht 5.3 million)) to the fund.

36. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2019	Annual General Meeting of the shareholders on 21 April 2020	40,819	0.125
Total dividends for 2020		<u>40,819</u>	<u>0.125</u>

37. Commitments and contingent liabilities

37.1 Capital commitments

As at 31 December 2020, the Company and its subsidiaries had capital commitments totaling approximately 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) (31 December 2019: Baht 15.6 million, USD 0.1 million and INR 64.4 million relating to acquisition of machinery and molds (The Company only: Baht 13.2 million)).

37.2 Guarantees

As at 31 December 2020, there were outstanding bank guarantees to guarantee electricity and other utilities use of Baht 20 million and INR 33 million issued by banks on behalf of the Group (The Company only: Baht 14 million) (31 December 2019: Baht 19 million and INR 59 million (The Company only: Baht 13 million)).

37.3 Litigations

TPAC Packaging India Private Limited has been carrying excise duty and service tax under dispute amounting to INR 14 million (31 December 2019: INR 26 million). These contingent liabilities have arisen pursuant to notice received from Indirect tax department. Currently, litigation is in progress pertaining to such disputes at 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 2019: INR 11 million).

38. Fair value hierarchy

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

	(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

As at 31 December 2019, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other current financial assets				
Investments in open-end fund	-	6.3	-	6.3
Assets associated with call options granted by holders of non-controlling interests	-	-	8.8	8.8
Financial assets for which fair value are disclosed				
Derivatives				
Foreign exchange forward contracts	-	0.2	-	0.2

(Unit: Million Baht)				
Separate financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Assets associated with call options granted by holders of non-controlling interests	-	-	8.8	8.8
Financial assets for which fair value are disclosed				
Derivatives				
Foreign exchange forward contracts	-	0.2	-	0.2

39. Financial instruments

39.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Derivative assets				
Derivative assets not designated as hedging instruments				
Foreign exchange forward contracts	165	-	165	-
Total derivative assets	165	-	165	-

Derivatives not designated as hedging instruments

The Group 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 January - March 2021.

39.2 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 2020 based on contractual undiscounted cash flows, and included interest payment:

(Unit: Thousand Baht)

	Consolidated financial statements				
	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				
	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. 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 2020 and 2019, 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	
	2020	2019	2020	2019	2020	2019
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 currency unit)	
US Dollar	2,796	2,657	526	597	30.0371	30.1540
Euro	161	3	57	42	36.8764	33.7311
Pound Sterling	13	12	-	-	40.6403	39.5217
Singapore Dollar	-	-	6	-	22.6632	-
Dirham United Arab Emirates	-	-	24	-	8.1774	-

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2020	2019	2020	2019	2020	2019
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 currency unit)	
US Dollar	993	1,072	31	431	30.0371	30.1540
Euro	-	-	-	32	36.8764	33.7311
Singapore Dollar	-	-	6	-	22.6632	-

As at 31 December 2020, the Company and its subsidiaries 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

As at 31 December 2019, the Company and its subsidiaries 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	-	878	-	30.10 - 30.58	2 January 2020 - 2 November 2020

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 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 2020 and 2019, 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 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	-	-	173	23	196	Note 8
Trade and other receivables	-	-	-	826	826	-
Restricted bank deposits	23	-	-	-	23	Note 13
	23	-	173	849	1,045	
Financial liabilities						
Bank overdraft and short-term						
loans from banks	515	-	-	-	515	Note 19
Trade and other payables	-	-	-	359	359	-
Long-term loans from banks	-	-	958	-	958	Note 22
Debentures	76	390	-	-	466	Note 23
	591	390	958	359	2,298	

(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 8
Trade and other receivables	-	-	-	394	394	-
	-	-	3	397	400	
Financial liabilities						
Bank overdraft and short-term						
loans from banks	468	-	-	-	468	Note 19
Trade and other payables	-	-	-	179	179	-
Long-term loans from banks	-	-	958	-	958	Note 22
	468	-	958	179	1,605	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate	
Within 1 year	1-5 years				(% per annum)	
Financial assets						
Cash and cash equivalents	-	-	8	27	35	Note 8
Time deposits from 3 months to 1 year	49	-	-	7	56	Note 9
Trade and other receivables	-	-	-	784	784	-
Restricted bank deposits	26	-	-	-	26	Note 13
Time deposits more than 1 year	-	9	-	-	9	Note 9
	75	9	8	818	910	
Financial liabilities						
Short-term loans from banks	377	-	-	-	377	Note 19
Trade and other payables	-	-	-	293	293	-
Long-term loans from banks	21	65	661	-	747	Note 22
Debentures	54	464	-	-	518	Note 23
	452	529	661	293	1,935	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
Fixed interest rates		Floating	Non-		Effective	
Within	1-5	interest	interest	Total	interest rate	
1 year	years	rate	bearing		(% per annum)	
Financial assets						
Cash and cash equivalents	-	-	5	2	7	Note 8
Trade and other receivables	-	-	-	358	358	-
	-	-	5	360	365	
Financial liabilities						
Short-term loans from banks	348	-	-	-	348	Note 19
Trade and other payables	-	-	-	159	159	-
Long-term loans from banks	-	-	661	-	661	Note 22
	348	-	661	159	1,168	

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 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.

39.3 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 Grouping 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, 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 fair value of fixed rate debentures and long-term loans is estimated by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- c) The carrying amounts of debentures and long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.
- d) 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 to counterparty credit risk when determining the fair value of derivatives

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

39.4 Reconciliation of recurring fair value measurements, of 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 2019	8.8	8.8
Balance as at 31 December 2020	8.8	8.8

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	1% increase (decrease) in the stock price and strike price would result in Baht 0.1 million increase (decrease) in fair value

40. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company and its subsidiaries' debt-to-equity ratio was 1.22:1 (2019: 1.37:1) and the Company's debt-to-equity ratio was 0.81:1 (2019: 0.62:1).

41. Event after reporting period

On 25 February 2021, the meeting of the Company's Board of Directors 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 2020 of Baht 0.292 per share, totaling Baht 95.4 million. The dividend will be paid and recorded after it is approved by the annual general meeting of the Company's shareholders.

42. Approval of interim financial information

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.