JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Opinion

I have audited the financial statements of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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 TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2021

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of financial position

		31 December	
Assets	*Note*	2020	2019
		(Baht)	
Current assets			
Cash and cash equivalents	*7*	492,447	136,659
Trade accounts receivable	*18, 24*	43,736,834	57,086,776
Other receivables	*6, 29*	7,332,127	10,976,430
Inventories	*8*	77,885,017	38,629,427
Contract cost assets	*18*	541,051	399,542
Total current assets		**129,987,476**	**107,228,834**
Non-current assets			
Other non-current financial assets		8,981,939	8,936,105
Long-term loan to a related party	*6*	-	5,766,741
Investment properties	*9*	108,768,917	150,084,871
Property, plant and equipment	*10*	214,954,155	147,303,550
Intangible assets other than goodwill	*11*	4,768,958	4,833,441
Deferred tax assets	*21*	14,506,642	16,010,807
Other non-current assets	*29*	2,119,260	1,742,316
Total non-current assets		**354,099,871**	**334,677,831**
Total assets		**484,087,347**	**441,906,665**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of financial position

Liabilities and equity	Note	31 December 2020	2019
		(Baht)	
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	*13, 24*	82,870,135	96,642,904
Trade accounts payable		29,890,560	29,457,881
Contract liabilities	*6, 18*	14,864,391	14,387,235
Other payables	*6, 14, 29*	20,954,116	23,406,475
Current portion of long-term loans			
from financial institutions	*13, 24*	22,414,796	33,867,950
Current portion of lease liabilities			
(2019: Current portion of finance lease liabilities)	*12, 13*	6,954,321	2,343,915
Current income tax payable		3,088,531	3,009,068
Total current liabilities		**181,036,850**	**203,115,428**
Non-current liabilities			
Long-term loans from financial institutions	*13, 24*	61,463,712	62,260,514
Lease liabilities *(2019: Finance lease liabilities)*	*12, 13*	35,807,114	3,100,571
Non-current provisions for employee benefits	*15*	9,812,567	8,138,968
Other non-current liabilities	*29*	52,617	368,325
Total non-current liabilities		**107,136,010**	**73,868,378**
Total liabilities		**288,172,860**	**276,983,806**
Equity			
Share capital	*16*		
Authorised share capital		213,000,000	170,000,000
Issued and paid-up share capital		170,000,000	160,000,000
Share premium		22,085,822	-
Difference arising from common control transactions	*17*	(11,539,171)	(11,539,171)
Retained earnings			
Appropriated			
Legal reserve	*17*	2,377,292	823,102
Unappropriated		12,990,544	15,638,928
Total equity		**195,914,487**	**164,922,859**
Total liabilities and equity		**484,087,347**	**441,906,665**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of comprehensive income

	Note	For the year ended 31 December 2020	2019
		(Baht)	
Revenue			
Revenue from sale of goods	*18*	455,644,231	360,691,384
Other income	*18*	7,099,247	4,835,737
Total revenue		**462,743,478**	**365,527,121**
Expenses			
Cost of sale of goods	*8, 20*	310,016,287	249,250,873
Distribution costs	*20*	48,123,101	23,681,921
Administrative expenses	*18, 20*	49,364,194	53,464,583
Impairment loss from non-financial assets	*10*	2,000,000	-
Total expenses		**409,503,582**	**326,397,377**
Profit from operating activities		**53,239,896**	**39,129,744**
Finance costs	*18*	(11,440,759)	(12,965,362)
Impairment loss determined in accordance with TFRS 9 *(2019: Reversal of provision for bad and doubtful debts expenses)*	*24*	(2,122,707)	3,924,428
Profit before income tax expense		**39,676,430**	**30,088,810**
Tax expense	*21*	(8,592,624)	(6,523,460)
Profit for the year		**31,083,806**	**23,565,350**
Other comprehensive income (expense)		**-**	**-**
Total comprehensive income (expense) for the year		**31,083,806**	**23,565,350**
Basic earnings per share *(in Baht)*	*22*	**0.09**	**0.08**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Total equity
				(Baht)			
Year ended 31 December 2019							
Balance at 1 January 2019		**130,000,000**	**-**	**(11,539,171)**	**-**	**(7,103,320)**	**111,357,509**
Transactions with owners, recorded directly in equity							
Contributions by owners							
Issue of ordinary shares	*16*	30,000,000	-	-	-	-	30,000,000
Total contributions by owners		**30,000,000**	**-**	**-**	**-**	**-**	**30,000,000**
Total transactions with owners, recorded directly in equity		**30,000,000**	**-**	**-**	**-**	**-**	**30,000,000**
Comprehensive income (expense) for the year							
Profit		-	-	-	-	23,565,350	23,565,350
Other comprehensive income (expense)		-	-	-	-	-	-
Total comprehensive income (expense) for the year		-	-	-	-	**23,565,350**	**23,565,350**
Transfer to legal reserve	*17*	-	-	-	823,102	(823,102)	-
Balance at 31 December 2019		**160,000,000**	**-**	**(11,539,171)**	**823,102**	**15,638,928**	**164,922,859**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Total equity
				(Baht)			
Year ended 31 December 2020							
Balance at 1 January 2020		**160,000,000**	**-**	**(11,539,171)**	**823,102**	**15,638,928**	**164,922,859**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	*16*	10,000,000	22,085,822	-	-	-	32,085,822
Dividends	*23*	-	-	-	-	(32,178,000)	(32,178,000)
Total contributions by and distributions to owners		**10,000,000**	**22,085,822**	**-**	**-**	**(32,178,000)**	**(92,178)**
Comprehensive income (expense) for the year							
Profit		-	-	-	-	31,083,806	31,083,806
Other comprehensive income (expense)		-	-	-	-	-	-
Total comprehensive income (expense) for the year		**-**	**-**	**-**	**-**	**31,083,806**	**31,083,806**
Transfer to legal reserve	*17*	-	-	-	1,554,190	(1,554,190)	-
Balance at 31 December 2020		**170,000,000**	**22,085,822**	**(11,539,171)**	**2,377,292**	**12,990,544**	**195,914,487**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of cash flows

		For the year ended 31 December	
	Note	2020	2019
		(Baht)	
Cash flows from operating activities			
Profit for the year		31,083,806	23,565,350
Adjustments to reconcile profit to cash receipts (payments)			
Tax expense	*21*	8,592,624	6,523,460
Finance costs		11,440,759	12,965,362
Depreciation and amortisation	*10, 11*	22,080,064	15,948,270
Impairment loss from non-financial assets	*10*	2,000,000	-
Impairment loss recognised in profit or loss in accordance with TFRS9			
(2019: Reversal of provision for bad and doubtful debts expenses)	*24*	2,122,707	(3,924,429)
Employee benefits expense related to defined benefit plans	*15*	1,673,600	3,006,585
Provision for loss on inventories devaluation	*8*	1,816,171	1,121,700
Loss on disposal of plant and equipment		146,590	332,596
Interest income		(405,364)	(119,507)
		80,550,957	59,419,387
Changes in operating assets and liabilities			
Trade accounts receivable		11,227,236	2,605,779
Other receivables		3,616,835	1,138,409
Inventories		(41,071,761)	(4,779,423)
Contract cost assets		(141,509)	(399,542)
Other non-current financial assets		(45,833)	(75,100)
Other non-current assets		(376,944)	3,044,676
Trade accounts payable		432,679	633,914
Contract liabilities		477,156	3,848,466
Other payables		(1,384,778)	(953,374)
Other non-current liabilities		(315,707)	(2,468,012)
Net cash generated from operating		**52,968,331**	**62,015,180**
Repayment of employee benefit related to defined benefit plans	*15*	-	(576,290)
Taxes paid		(6,980,452)	(6,559,838)
Net cash from operating activities		**45,987,879**	**54,879,052**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of cash flows

	Note	For the year ended 31 December 2020	2019
		(Baht)	
Cash flows from investing activities			
Proceeds from sale of plant and equipment		105,270	1,996,322
Acquisition of plant and equipment		(7,149,076)	(16,983,570)
Acquisition of intangible assets		(689,040)	(3,917,054)
Payment of long-term loan to a related party	*6*	(41,782,500)	(10,356,482)
Proceeds from repayment of long-term loan to a related party	*6*	47,549,241	4,589,741
Interest received		432,832	92,039
Net cash used in investing activities		**(1,533,273)**	**(24,579,004)**
Cash flows from financing activities			
Proceeds from issue of share capital	*16*	32,057,277	30,000,000
Repayment of bank overdrafts and short-term loans from financial institutions - net		(13,772,769)	(28,636,862)
Proceeds from long-term loans from financial institutions		24,500,000	40,814,826
Repayment of long-term loans from financial institutions		(36,749,957)	(30,094,707)
Proceeds from long-term loan from a related party	*6*	-	37,410,259
Repayment of long-term loan from a related party	*6*	-	(64,393,759)
Payment of lease liabilities *(2019: Payment by a lessee for reduction of the outstanding liability relating to finance leases)*		(6,523,133)	(2,147,031)
Dividends paid to owners of the Company		(32,178,000)	-
Interest paid		(11,432,236)	(13,336,169)
Net cash used in financing activities		**(44,098,818)**	**(30,383,443)**
Net increase (decrease) in cash and cash equivalents		**355,788**	**(83,395)**
Cash and cash equivalents at 1 January		136,659	220,054
Cash and cash equivalents at 31 December	*7*	**492,447**	**136,659**

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of cash flows

		For the year ended 31 December	
		2020	2019
		(Baht)	
Disclosure of additional cash flows information			
Plant and equipment acquired during the year were detailed as follows:			
Total plant and equipment acquired during the year	*10*	6,098,437	14,091,302
Add Payment made to payables of plant and equipment at beginning of the year		1,394,306	11,432,414
Less Payables of plant and equipment at ending of the year		(343,667)	(1,394,306)
Acquisition of equipment relating to finance leases		-	(7,145,840)
Cash paid for acquisition of plant and equipment		**7,149,076**	**16,983,570**
Intangible assets acquired during the year were detailed as follows:			
Total intangible assets acquired during the year	*11*	663,574	3,942,520
Add Payment made to payables of intangible assets at beginning of the year		25,466	-
Less Payables of intangible assets at ending of the year		-	(25,466)
Cash paid for acquisition of intangible assets		**689,040**	**3,917,054**

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2021.

1 General information

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd., the "Company", is incorporated in Thailand and has its registered office as follows:

Head Office	:	No. 255 and 257, Sathu Pradit 58, Bang Pongphang, Yan Nawa, Bangkok
Branch no. 1	:	No. 260, Moo 4, Si Bua Ban, Mueang Lamphun, Lamphun
Branch no. 2	:	No. 88, 88/1-3 Moo 11, Bang Chalong, Bang Phli, Samut Prakan
Branch no. 3	:	No. 88/5-6, Moo 11, Bang Chalong, Bang Phli, Samut Prakan

The Company has registered conversion into a public company limited with the Ministry of Commerce on 18 December 2018.

The Company's major shareholder during the financial period were Daengprasert family and Suphap Group Co., Ltd., with 50.00% and 44.12% shareholding, respectively *(31 December 2019: Suphap Group Co., Ltd., Daengprasert family and CDIP (Thailand) Public Co., Ltd., with 46.87%, 40.63% and 12.50% shareholding, respectively*).

The principal activities of the Company are manufacturing and selling of pharmaceutical, dietary supplementary and traditional medicine products.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"), guidelines promulgated by the Federation of Accounting Professions.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies.

The Company has initially applied TFRS - Financial instruments standards which comprise TFRS 9 Financial Instruments and relevant standards and interpretations and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency.

An financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

note 5	Impact of COVID-19 pandemic

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

note 10	Impairment test of property, plant and equipment: key assumptions underlying recoverable amounts;
note 15	Measurement of defined benefit obligations: key actuarial assumptions; and
note 21	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised

(d) Use of going concern basis of accounting

As at 31 December 2020, the Company had current liabilities exceeded its current assets by Baht 51.1 million *(31 December 2019: Baht 95.9 million)*. This circumstance indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability in generating sufficient cash flows from operations to repay the Company's maturing debts. However, the Company's management believes that it is appropriate for the Company to prepare its financial statements based on going concern basis since the Company has sufficient credit limit for the required business operation and had net profit for the year ended 31 December 2020 and 2019 amounting to Baht 31.1 million and Baht 23.6 million, respectively. Accordingly, these financial statements do not include any adjustments relating to the recoverability of asset's carrying amount and the amount of liabilities and the reclassification that might be necessary should the Company is unable to continue as a going concern.

3 Changes in accounting policies

From 1 January 2020, the Company has initially applied TFRS - Financial instruments standards and TFRS 16 as follows:

A. TFRS - Financial instruments standards

The Company has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The Company's financial assets are measured at amortised cost in accordance with TFRS 9.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Company recognised interest income and interest expenses at the rate specified in the contract.

(2) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Company estimates allowance for doubtful accounts by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments. The Company has determined the application of TFRS 9's impairment requirements at 1 January 2020 and concluded that no material impact to the financial statements.

B. TFRS 16 Leases

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (Transaction price). As at 1 January 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Company also elected to use the following practical expedients:
- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- exclude initial direct costs from measuring the right-of-use asset.

Impact from the adoption of TFRS 16	*(in thousand Baht)*
At 1 January 2020	
Increase in property plant and equipment	43,840
Increase in lease liabilities	49,285
Measurement of lease liability	
Operating lease commitment as disclosed at 31 December 2019	33,026
Recognition exemption for leases of low-value assets	(288)
Extension option reasonably certain to be exercised	22,742
	55,480
Discounted using the incremental borrowing rate at 1 January 2020	43,840
Finance lease liabilities recognised as at 31 December 2019	5,445
Lease liabilities recognised at 1 January 2020	**49,285**
Weighted-average incremental borrowing rate *(% per annum)*	**6**

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

(b) Foreign currencies

Foreing currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

(c) Financial instruments

Accounting policies applicable from 1 January 2020

(c.1) Recognition and initial measurement

Trade receivables, debt securities issued and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(c.2) Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comphehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c.3) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c.4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies applicable before 1 January 2020

Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable and contract assets

A receivable is recognised when the Company has an unconditional right to receive consideration. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss *(2019: allowance for doubtful accounts)* which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Company is entitled to, less impairment losses.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investment properties

Investment properties are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvement	5 - 30	years
Machinery and equipment	5 - 10	years
Vehicles	5	years
Furniture, fixtures and office equipment	3 - 5	years

No depreciation is provided on freehold land or assets under construction.

(i) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Company expects to recover these costs

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

(j) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Product registrations	5 - 9	years
Software licences	10	years

No amortisation is provided on Software in progress.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable. The lease payments also include amount under purchase, extension or termination option if the Company is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are reconised as expenses in the accounting period in which they are incurred.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'long-term loan' in the statement of financial position.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Company recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'other income'. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

The Company recognises finance lease receivables at the amount of the Company's net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

The Company applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease (see note 4(c)). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Accounting policies applicable before 1 January 2020

As a lessee, leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

As a lessor, rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(l) Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, loans to others and related parties), and contract assets.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:
- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 360 days past due, probable the debtor will enter bankruptcy.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(m) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Trade and other payables

Trade and other payables are stated at cost.

(o) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognises the related revenue.

(p) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(r) Fair value measurement

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(s) Revenue

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

(t) Other income

Other income comprises interest income and others, and are recognised on accrual basis

(u) Finance costs

Interest expenses and similar costs are recognized in profit or loss when they are incurred, except when they will be capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(x) Related parties

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) Segment reporting

Segment results that are reported to the Company’s chief executive officer (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Impact from COVID-19 pandemic

Due to the COVID-19 pandemic at the beginning of the year 2020, Thailand and many other countries have enacted several protective measures against the pandemic e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operations of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Company’s staff and to manage the negative impact on the business as much as possible. As at 31 December 2020, the situation of COVID-19 pandemic is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Company elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 pandemic on the following:

(a) Impairment of assets

The Company considered impairment of trade accounts receivable under simplified approach using historical loss rate and did not take forward-looking information into account.

6 Related parties

The related parties that the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Suphap Group Company Limited	Thailand	Ultimate parent company; 44.12% shareholding, and common key management personnel
CDIP (Thailand) Public Co., Ltd.	Thailand	Common key management personnel *(2019: Parent company, 12.50% shareholding, and common key management personnel)*
JSP Trading Supply Company Limited	Thailand	Common key management personnel
R.T.N. Logistics Company Limited	Thailand	Family relationship with director
Treesci Innovation Company Limited	Thailand	Family relationship with director
Private Equity Trust for SME Growing Together 1, which the trustee is ONE Asset Management Limited	Thailand	5.59% of shareholding, and having a representative as a director of the Company
H E P Holdings 4 Company Limited	Thailand	0.29% of shareholding, and having a representative as a director of the Company
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The pricing policies for transactions with related parties are explained below:

Transactions	Pricing policies
Sale of goods and rendering of services	Cost plus margin
Purchase of goods, raw materials, packaging materials and receiving of services	Contractually agreed price
Rental income and rental expense	Contractually agreed price
Interest income and interest expense	Agreed rates stipulated in the agreements
Other income and other expenses	Contractually agreed prices

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	2020	2019
	(in thousand Baht)	
Ultimate parent company		
Rental expense	-	3,078
Interest expense under lease liabilities	1,173	-

Year ended 31 December	2020	2019
	(in thousand Baht)	
Parent company		
Sale of goods	-	59
Purchase of goods	-	575
Interest income	-	43
Interest expense	-	457
Key management personnel		
Rental income	50	50
Rental expense	-	3,524
Interest expense under lease liabilities	1,343	-
Key management personnel compensation		
Short-term employee benefits	13,112	12,604
Post-employment benefits	202	861
Total key management personnel compensation	**13,314**	**13,465**
Other related parties		
Sale of goods	432	-
Purchase of goods	-	11
Rental expense	144	-
Interest income	358	-
Other expense	3,160	-

Balances as at 31 December with related parties were as follows:

Other receivables	2020	2019
	(in thousand Baht)	
Key management personnel	50	50
Other related parties	312	-
Total	**362**	**50**

Movements during the years ended 31 December of loans to related parties were as follows:

Long-term loans to related parties	**Interest rate** At 31 December	At 1 January	Increase	Decrease	At 31 December
	(% per annum)		*(in thousand Baht)*		
2020					
Other related parties	5.75	5,767	41,782	(47,549)	-
2019					
Parent	6.00	-	10,356	(4,589)	5,767

Interest receivables	2020	2019
	(in thousand Baht)	
Parent	-	27
Total	**-**	**27**

Contract liabilities	2020	2019
	(in thousand Baht)	
Other related parties	44	-
Total	**44**	**-**
Other payables		
Key management personnel	970	933
Other related parties	144	-
Total	**1,114**	**933**
Lease liabilities		
Ultimate parent company	18,489	-
Key management personnel	21,172	-
Total	**39,661**	**-**

Movement during the year ended 31 December of loan from related parties were as follows;

Long-term loans from related parties	**Interest rate** At 31 December	At 1 January	Increase	Decrease	At 31 December
	(% per annum)		*(in thousand Baht)*		
2019					
Parent	6.00	26,984	37,410	(64,394)	-

Significant agreements with related parties

Long-term loan to related party agreement

As at 31 December 2020, the Company had no a long-term loan to CDIP (Thailand) Public Co., Ltd., a related party *(31 December 2019: long-term loan to CDIP (Thailand) Public Co., Ltd., parent company of Baht 5.8 million bore interest at the minimum lending rate denominated on Thai Baht ("Prime rate"), stipulated by Export-Import Bank of Thailand, and due on 31 August 2027).*

Rental agreements

Ultimate parent company

On 30 March 2018, the Company entered into the property rental agreement of head office for operating purposes with the ultimate parent company. The term of agreement is 3 years, starting from 1 January 2018 to 31 December 2020, with monthly rental fee of Baht 0.3 million. The Company had extension option under the term of agreement.

At the Board of Directors meeting held on 15 May 2019, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the ultimate parent company from monthly rental fee of Baht 0.3 million to monthly rental fee of Baht 0.3 million and 1.0% incremental rental fee annually in which become effective since 1 June 2019.

At the Board of Directors meeting held on 12 November 2020, the Board of Directors approved the Company to enter into 3-year property rental agreement of head office for operating purposes with the ultimate parent company, effective from 1 January 2021 until 31 December 2023 with monthly rental fee of Baht 0.1 million. The Company can renew rental agreement 2 more times; for another 3 years and 1 year after the end of contract, respectively, with 10.0% incremental rental fee for each renewal.

Key management personnel

On 30 March 2018, the Company entered into a property rental agreement of head office for operating purposes with the key management personnel. The term of agreement is 10 years, starting from 1 January 2018 to 31 December 2027, with monthly rental fee of Baht 0.3 million. The Company had extension option under the term of agreement.

At the Board of Directors meeting held on 15 May 2019, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the key management personnel from monthly rental fee of Baht 0.3 million to monthly fee of Baht 0.3 million and 1.0% incremental rental fee annually in which become effective since 1 June 2019.

At the Board of Directors meeting held on 12 November 2020, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the key management personnel from monthly rental fee of Baht 0.3 million and 1.0% incremental rental fee annually to monthly rental fee of Baht 0.4 million and 10.0% incremental rental fee every three years, which become effective from 1 January 2021 onward.

Payment of lease liabilities and related interest expense for rental agreement with ultimate parent company and key management personnel for the year ended 31 December 2020 were Baht 3.1 million and Baht 3.6 million, respectively *(2019: Rental expenses with ultimate parent company and key management personnel were Baht 3.1 and Baht 3.5 million, respectively)*.

Other related parties

On 30 September 2020, the Company entered into vehicle rental agreement with CDIP (Thailand) Public Co., Ltd., a related party. The term of agreement is 1 year, starting from 1 January 2020 to 31 December 2020, with monthly rental fee of Baht 12,000.

7 Cash and cash equivalents

	2020	2019
	(in thousand Baht)	
Cash on hand	27	43
Cash at banks - current accounts	43	39
Cash at banks - saving accounts	422	55
Total	**492**	**137**

8 Inventories

	2020	2019
	(in thousand Baht)	
Finished goods	39,479	18,421
Work in progress	7,868	1,572
Raw materials	20,195	11,638
Packaging materials	17,471	12,310
Total	**85,013**	**43,941**
Less allowance for decline in value	(7,128)	(5,312)
Net total	**77,885**	**38,629**
Inventories recognised in 'cost of sale of goods':		
- Cost	308,200	248,129
- Write-down to net realisable value	1,816	1,122
Total	**310,016**	**249,251**

9 Investment properties

	(in thousand Baht)
Cost	
At 1 January 2019	150,085
Additions	-
At 31 December 2019 and 1 January 2020	**150,085**
Additions	-
Transfer	(41,316)
At 31 December 2020	**108,769**
Impairment losses	
At 1 January 2019 and 2020	-
Impairment losses	-
At 31 December 2019 and 2020	**-**
Net book value	
At 31 December 2019	**150,085**
At 31 December 2020	**108,769**

Investment properties comprise freehold land which is currently held for undetermined future use.

During the year ended 31 December 2020, the Company transferred plots of land from investment properties to property, plant and equipment because the Company used such land for product development activities.

The fair value of investment properties as at 31 December 2020 of Baht 111.1 million were appraised by independent valuers, at market value on an existing use basis. The fair value of investment property measurement has been categorised as a Level 3 fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Actual bid and offer prices of comparable investment properties, with adjustment due to other factors.	The estimated fair value would increase (decrease) if the price per area were higher (lower).

10 Property, plant and equipment

	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	Total
				(in thousand Baht)				
Cost								
At 1 January 2019	18,500	144,868	-	89,180	7,321	5,204	18,948	284,021
Additions	-	78	-	3,777	1,322	1,085	7,829	14,091
Transfers	-	19,038	-	7,620	-	20	(26,678)	-
Disposals	-	-	-	(7,594)	(1,287)	(2,158)	(99)	(11,138)
At 31 December 2019 and 1 January 2020	**18,500**	**163,984**	**-**	**92,983**	**7,356**	**4,151**	**-**	**286,974**
Recognition of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	43,840	-	-	-	-	43,840
At 1 January 2020 – as adjusted	**18,500**	**163,984**	**43,840**	**92,983**	**7,356**	**4,151**	**-**	**330,814**
Additions	-	-	-	2,617	-	836	2,645	6,098
Transfer from investment property (see note 9)	41,316	-	-	-	-	-	-	41,316
Disposals	-	-	-	(2,087)	-	(79)	-	(2,166)
At 31 December 2020	**59,816**	**163,984**	**43,840**	**93,513**	**7,356**	**4,908**	**2,645**	**376,062**

	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	Total
				(in thousand Baht)				
Depreciation and impairment losses								
At 1 January 2019	-	70,230	-	52,711	6,332	3,606	-	132,879
Depreciation charge for the year	-	5,217	-	8,881	763	739	-	15,600
Disposals	-	-	-	(5,462)	(1,287)	(2,060)	-	(8,809)
At 31 December 2019								
1 January 2020	**-**	**75,447**	**-**	**56,130**	**5,808**	**2,285**	**-**	**139,670**
Depreciation charge for the year	-	5,335	5,480	8,984	630	923	-	21,352
Impairment losses	-	2,000	-	-	-	-	-	2,000
Disposals	-	-	-	(1,850)	-	(64)	-	(1,914)
At 31 December 2020	**-**	**82,782**	**5,480**	**63,264**	**6,438**	**3,144**	**-**	**161,108**
Net book value								
At 31 December 2019								
Owned assets	18,500	88,537	-	28,910	679	1,866	-	138,492
Assets under finance leases	-	-	-	7,943	869	-	-	8,812
	18,500	**88,537**	**-**	**36,853**	**1,548**	**1,866**	**-**	**147,304**
At 31 December 2020								
Owned assets	59,816	81,202	-	23,111	329	1,764	2,645	168,867
Right-of-use assets	-	-	38,360	7,138	589	-	-	46,087
	59,816	**81,202**	**38,360**	**30,249**	**918**	**1,764**	**2,645**	**214,954**

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2020 was Baht 35.2 million *(2019: Baht 24.9 million)*.

Impairment losses

In 2015, the Company ceased operations at Lamphun plant. The Company's management determined recoverable amount of property, plant and equipment in relation to Lamphun plant by appointing independent valuers to determine fair value based on cost approach. The appraised value of buildings and building improvements less than net book value; therefore, the Company recorded impairment losses amounting to Baht 45.0 million in the 2015 financial statements.

At the extraordinary shareholders meeting of the Company held on 29 December 2016, the shareholders approved to seek potential buyers to negotiate with the Company for buying Lamphun plant. As at 31 December 2016, the management reassessed the recoverable amount of Lamphun plant and concluded that there has been no change in the amount of allowance for impairment loss since the date of the last assessment.

In 2017, business circumstances were recovered. As a result, Lamphun plant had more capacity utlisation. The management considered that value in use is more appropriate approach to determine the recoverable amount. Value in use is determined by discounting the future cash flow generated by Lamphun plant which is a cash generating unit. Based on this assessment, the recoverable amount of Lamphun plant was Baht 51.9 million, comparing with the carrying amount of the plant's assets of Baht 52.4 million as at 31 December 2017. However, the management did not record additional impairment losses because it is not material to the Company's financial statements.

As at 31 December 2019, the management assessed recoverable amount of Lamphun plant based on value in use approach and concluded that impairment losses were not substantially changed from the latest appraisal date.

As at 31 December 2020, the management assessed recoverable amount of Lamphun plant based on value in use approach. As a result, the Company recorded additional impairment losses amounting to Baht 2.0 million in the financial statements for the year ended 31 December 2020.

The key assumptions used in the estimation of value in use are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020	2019
	(%)	
Discount rate	11.00	11.63
Terminal value growth rate	0.00	1.12

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 22.0% at a market interest rate of 5.3%.

As at 31 December 2020, the cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate, consistent with the assumptions that a market participant would make.

Following the impairment losses of Baht 45.0 million recorded in 2015 and the additional impairment losses of Baht 2.0 million in 2020, the recoverable amount was approximate to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

11 Other intangible assets

	Product registrations	Software licences	Software under development	Total
		(in thousand Baht)		
Cost				
At 1 January 2019	-	972	313	1,285
Additions	2,290	1,043	609	3,942
Transfers	-	500	(500)	-
Disposals	-	-	-	-
At 31 December 2019	**2,290**	**2,515**	**422**	**5,227**
Additions	280	16	383	663
Transfers	-	789	(789)	-
Disposals	-	-	-	-
At 31 December 2020	**2,570**	**3,320**	**-**	**5,890**
Amortisation				
At 1 January 2019	-	46	-	46
Amortisation for the year	156	192	-	348
Disposals	-	-	-	-
At 31 December 2019	**156**	**238**	**-**	**394**
Amortisation for the year	437	290	-	727
Disposals	-	-	-	-
At 31 December 2020	**593**	**528**	**-**	**1,121**
Net book value				
At 31 December 2019	**2,134**	**2,277**	**422**	**4,833**
At 31 December 2020	**1,977**	**2,792**	**-**	**4,769**

12 Leases

The periods to maturity of lease liabilities were as follows:

	2020			2019		
	Lease payments over the remaining term of the lease liabilities	Interest	Carrying value of lease liabilities	Future minimum lease payments	Interest	Present value of minimum lease payments
			(in thousand Baht)			
Within one year	9,346	(2,392)	6,954	2,649	(305)	2,344
After one year but within five years	28,397	(6,019)	22,378	3,245	(144)	3,101
After five years	14,287	(858)	13,429	-	-	-
Total	**52,030**	**(9,269)**	**42,761**	**5,894**	**(449)**	**5,445**

For the year ended 31 December 2020	*(in thousand Baht)*
Recognised in profit or loss	
Interest on lease liabilities	2,517
Expenses relating to leases of low-value assets	415

Total cash outflow for leases presented in the statement of cash flows for the year ended 31 December 2020 was Baht 6.5 million.

The Company entered into lease agreements with local companies and related parties to lease vehicles, equipment and leasehold right of land and building, respectively. Under the term of agreements, the Company had to comply with the conditions related to leased assets.

During 2019, the Company entered into sale and leaseback agreements with a local company for machinery amounting to Baht 6.5 million. The Company had deferred revenue amounted Baht 0.9 million, which will be amortised for 36 months. Under the term of agreements, the Company had to comply with the conditions related to leased assets.

13 Interest-bearing liabilities

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

		2020			2019		
	Note	Current	Non-current	Total	Current	Non-current	Total
				(in thousand Baht)			
Secured							
Bank overdrafts (a)		8,870	-	8,870	12,643	-	12,643
Short-term loans from financial institutions (a)		74,000	-	74,000	84,000	-	84,000
Long-term loans from financial institutions (b)		22,415	61,464	83,879	33,868	62,261	96,129
Lease liabilities	*12*	6,954	35,807	42,761	2,344	3,101	5,445
Total interest-bearing liabilities		**112,239**	**97,271**	**209,510**	**132,855**	**65,362**	**198,217**

Assets pledged as security for interest-bearing liabilities, excluding lease liabilities, as at 31 December were as follows:

	2020	2019
	(in thousand Baht)	
Other non-current financial assets	8,881	8,817
Investment properties	26,840	26,840
Property, plant and equipment	15,000	18,500
Total	**50,721**	**54,157**

The periods to maturity of interest-bearing liabilities, excluding lease liabilities, as at 31 December were as follows:

	2020	2019
	(in thousand Baht)	
Within one year	105,285	130,511
After one year but within five years	54,227	60,642
After five years	7,237	1,619
Total	**166,749**	**192,772**

As at 31 December 2020 and 2019, the Company had no unutilised credit facilities.

(a) Bank overdrafts and short-term loans from financial institutions

As at 31 December 2020, the Company had bank overdrafts amounting to Baht 8.9 million bore interest at the rate MOR and these bank overdrafts were secured by land owned by the Company, land owned by key management personnel and key management personnel *(2019: Baht 12.6 million, interest at the rate MOR)*.

As at 31 December 2020, the Company had promissory notes from financial institutions of Baht 74.0 million *(2019: Baht 84.0 million)*. The promissory notes amounting to Baht 49.0 million *(2019: Baht 59.0 million)* bore interest at the rate MLR and MLR-1% which were secured by land owned by the Company, land owned by key management personnel, key management personnel and related parties. In addition, the promissory notes amounting to Baht 25.0 million *(2019: Baht 25.0 million)* bore interest at the rate Prime rate-0.25% *(2019: interest at the rate Prime rate-0.5%)*, which were secured by a fixed deposit owned by the Company, key management personnel and related parties. All promissory notes will be due in January to March 2021.

As at 31 December 2019, the Company had to comply with financial debt covenants on bank overdrafts and short-term loans facilities from financial institution amounting to Baht 12.5 million and Baht 44.0 million, respectively. The covenants required the Company to maintain debt-to-equity ratio not exceed than 3:1, but not less than 0. In addition, the Company has to maintain Debt Service Coverage Ratio (DSCR) not less than 1.25:1, for annual financial statements. The Company complied with all financial covenants. On 3 August 2020, aforesaid financial institution release financial covenants on bank overdraft and short-term loan from financial institution related to maintaining debt-to-equity ratio and Debt Service Coverage Ratio.

(b) Long-term loans from financial institutions

As at 31 December 2020, the Company had long-term loans of Baht 83.9 million *(2019: Baht 96.1 million)* from several financial institutions. These loans had various monthly repayment schedule for principal and interest up to 2027 as follows:

Interest rate	Maturity of the last installment	Collaterals	2020	2019
			(in thousand Baht)	
Year 1-3: MLR-1%, Year 4-maturity: MLR	2025	Land owned by key management personnel, leasehold rights with key management personnel, key management personnel and related parties	26,212	31,730
Year 1-2: MLR-2%, Year 3-maturity: MLR-1%	2027	Key management personnel and Thai Credit Guarantee Corporation (TCG)	19,632	-
MLR-1.775%	2024	Land owned by the Company, key management personnel and related parties	11,542	14,708
MLR-0.85%	2024	Land owned by the Company, key management personnel and related parties	10,483	13,144
MLR-1%	2022	Land owned by the Company, key management personnel and related parties	7,874	16,434
Year 1-2: 2% Year 3-maturity: MRR	2025	Key management personnel and Thai Credit Guarantee Corporation (TCG)	4,755	-
MLR	2024	Land owned by the Company, land owned by key management personnel, key management personnel and related parties	1,971	13,128
2.0% per annum	2023	Bank guarantee from a financial institution	1,160	1,664
0.5% and 0.68% per month	2021	Vehicles owned by the Company and key management personnel	250	1,220
MLR+0.65%	2024	Land owned by the Company, key management personnel and related parties	-	3,127
MRR+5.44%	2020	Key management personnel and Thai Credit Guarantee Corporation (TCG)	-	974
		Total	**83,879**	**96,129**

As at 31 December 2019, the Company had to comply with financial debt covenants on long-term loans facilities from financial institution amounting to Baht 128.5 million. The covenants required the Company to maintain debt-to-equity ratio not exceed than 3:1, but not less than 0. In addition, the Company has to maintain Debt Service Coverage Ratio (DSCR) not less than 1.25:1, for annual financial statements. The Company complied with all financial covenants. On 3 August 2020, aforesaid financial institution release financial covenants on long-term loans from financial institution related to maintaining debt-to-equity ratio and Debt Service Coverage Ratio.

As at 31 December 2020 and 2019, the Company has to comply with financial debt covenant on long-term loans facilities from financial institution amounting to Baht 15.5 million. The covenants required the Company to maintain debt-to-equity ratio not exceed than 2.3:1, but not less than 0. In addition, the Company has to maintain Debt Service Coverage Ratio (DSCR) not less than 1.1:1, for annual financial statements.

As at 31 December 2020 and 2019, the Company complied with all financial covenants.

14 Other payables

	Note	2020	2019
		(in thousand Baht)	
Related parties	*6*	**1,114**	**933**
Other parties			
Accrued operating expenses		13,766	12,731
Deferred revenue		812	6,687
Value added tax and withholding tax payables		2,205	2,937
Others		3,057	119
		19,840	**22,474**
Total		**20,954**	**23,407**

15 Non-current provisions for employee benefits

	2020	2019
	(in thousand Baht)	
Post-employment benefits	9,813	8,139

Defined benefit plan

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Company to actuarial risks such as longevity risk and interest rate risk.

Present value of the defined benefit obligation	2020	2019
	(in thousand Baht)	
At 1 January	8,139	5,709
Included in profit or loss		
Current service costs	1,509	1,160
Past service costs	-	1,706
Interest on obligation	165	140
Total	**1,674**	**3,006**
Included in other comprehensive income (expense)		
Actuarial loss		
- Demographic assumptions	-	-
- Financial assumptions	-	-
- Experience adjustment	-	-
	-	-
Benefit paid	-	(576)
At 31 December	**9,813**	**8,139**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as at 31 December 2019 as well as past service cost recognised during the year then ended in the financial statements increased by an amount of Baht 1.7 million.

Actuarial assumptions	2020	2019
	(%)	
Discount rate	2.02	2.02
Future salary growth	5.00	5.00
Employee turnover	0.00 - 38.00	0.00 - 38.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2020, the weighted-average duration of the defined benefit obligation was 6.75 years *(2019: 6.75 years)*.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Effect to the defined benefit obligation at 31 December 2020	Increase	Decrease
	(in thousand Baht)	
Discount rate (1% movement)	(659)	767
Future salary growth (1% movement)	925	(810)
Employee turnover (1% movement)	(722)	277

Effect to the defined benefit obligation at 31 December 2019	Increase	Decrease
	(in thousand Baht)	
Discount rate (1% movement)	(529)	616
Future salary growth (1% movement)	664	(584)
Employee turnover (1% movement)	(580)	222

16 Share capital

	Par value per share	2020		2019	
		Number	Baht	Number	Baht
	(in Baht)	*(thousand shares/in thousand Baht)*			
Authorised					
At 1 January					
- ordinary shares	0.5	340,000	170,000	260,000	130,000
- Increase of new shares	0.5	86,000	43,000	80,000	40,000
At 31 December					
- ordinary shares	**0.5**	**426,000**	**213,000**	**340,000**	**170,000**
Issued and paid-up					
At 1 January					
- ordinary shares	0.5	320,000	160,000	260,000	130,000
- Increase of new shares	0.5	20,000	10,000	60,000	30,000
At 31 December					
- ordinary shares	**0.5**	**340,000**	**170,000**	**320,000**	**160,000**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Issue of ordinary shares

At the board of directors meeting of the Company held on 12 November 2020, the board of directors approved the increase of authorised share capital from Baht 170.0 million (340,000,000 shares at par value of Baht 0.5 per share) to Baht 213.0 million (426,000,000 shares at par value of Baht 0.5 per share). The Company issued 86,000,000 newly shares at par value of Baht 0.5, totalling Baht 43.0 million. The Company registered the increase in share capital with the Ministry of Commerce on 8 December 2020.

At the annual general meeting of the Shareholder of the Company held on 18 March 2020, the shareholders approved the Company to allot and offer the increased share capital of Baht 10.0 million (20.0 million shares at par value of Baht 0.5 per share) to (1) Private Equity Trust for SME Growing Together 1, which the trustee is ONE Asset Management Limited and (2) H E P Holdings 4 Co., Ltd. at 19.0 million shares and 1.0 million shares, respectively, with the price of Baht 1.61 per share. The Company called-up of the increased share capital amounting to Baht 32.2 million and registered with the Ministry of Commerce on 27 March 2020. The Company had expenses directly attributable to the issued share capital amounting to Baht 0.1 million.

At the annual general meeting of the Company held on 18 April 2019, the shareholders approved the increase of authorised share capital from Baht 130.0 million (260,000,000 shares at par value of Baht 0.5 per share) to Baht 170.0 million (340,000,000 shares at par value of Baht 0.5 per share). The Company issued 80,000,000 newly shares at par value of Baht 0.5, totalling Baht 40.0 million. The Company registered the increase in share capital with the Ministry of Commerce on 30 April 2019.

In June 2019, the Company call-up of the increase share capital amounting to Baht 30.0 million. The Company registered the call-up of the increase share capital with the Ministry of Commerce on 9 July 2019.

17 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

According to the Public Companies Act B.E. 2535, Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Difference arising from common control transaction

The difference arising from common control transaction represented excess between consideration and book value of acquired entities or businesses under common control. This difference is presented as a component of equity, which will not be distributed and remain until acquired entities or businesses are disposed.

18 Segment information and disaggregation of revenue

The Company's reportable segments, as described below, represent the Company's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker ("CODM") reviews internal management reports on at least a quarterly basis.

Reportable segment for the year 2020 and 2019 were as follow;

Segment 1	Manufacture and distribution of products under customer's brand name (OEM)
Segment 2	Manufacture and distribution of products under the Company's brand name (Own brands)

Other segments include revenue from sales of goods and service. None of these segments meets the quantitative thresholds for determining reportable segments in 2020 or 2019

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments.

The Company's main revenue is derived from contracts with customers and recognised at a point in time.

For the year ended 31 December	**Segment 1**		**Segment 2**		**Other segments**		**Total**	
	2020	2019	2020	2019	2020	2019	2020	2019
				(in thousand Baht)				
Revenues from sales of goods	249,294	267,550	182,770	82,341	23,580	10,800	455,644	360,691
Segment operating profit	**48,941**	**50,248**	**45,884**	**31,753**	**2,680**	**5,758**	**97,505**	**87,759**
Unallocated revenues							7,099	4,836
Unallocated expenses							(49,364)	(53,465)
Impairment loss from non-financial assets							(2,000)	-
Impairment loss in accordance with TFRS9 *(2019: Reversal of provision for bad and doubtful debts expenses)*							(2,123)	3,924
Finance costs							(11,441)	(12,965)
Profit before income tax							**39,676**	**30,089**

Geographical segments

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customers

Revenues from two major customers of the Company for the year ended 31 December 2020 was approximately Baht 63.3 million and 59.1 million, respectively. *(2019: revenue from four major customers was approximately Baht 68.1 million, 51.4 million, 48.4 million, and 43.4 million, respectively.).*

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2020	2019
	(in thousand Baht)	
Trade account receivables	43,737	57,087
Contract liabilities	14,864	14,387

The contract liabilities primarily relate to the advance consideration received from customers for sales of goods. The Company recognises such contract liabilities as revenue when transferring control of the goods to the customers.

Significant changes in the contract liabilities during the period are as follows:

	2020
	(in thousand Baht)
At 1 January	14,387
Advance received during the year	174,381
Recognised as revenue during the year	(173,904)
At 31 December	**14,864**

Contract cost assets

The contract cost assets primarily relate to advance commission paid as incremental cost to obtain a long-term contract with customer. Therefore, the Company recognise such cost as an asset and systematically amortise over the term of the contract it relates to, consistent with the related revenue recognition.

The Company amortised contract cost assets for the year ended 31 December 2020 amounting to Baht 0.4 million *(2019: Baht 0.1 million).*

19 Employee benefit expenses

	Note	2020	2019
		(in thousand Baht)	
Salaries, wages and bonuses		90,326	83,033
Defined benefit plans	*15*	1,674	3,006
Total		**92,000**	**86,039**

20 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2020	2019
	(in thousand Baht)	
Included in cost of sale of goods		
Changes in inventories of finished goods and work in progress	(27,354)	(8,035)
Raw materials and packaging materials used	234,985	161,476
Employee benefit expenses	45,102	44,599
Depreciation and amortisation	18,022	13,546
Cost of trading goods	14,497	13,561
Others	24,764	24,104
Total	**310,016**	**249,251**
Included in distribution costs		
Employee benefit expenses	17,403	12,309
Advertising and promotion expenses	15,946	5,411
Others	14,774	5,962
Total	**48,123**	**23,682**
Included in administrative expenses		
Employee benefit expenses	29,495	29,131
Professional fees	5,878	9,381
Depreciation and amortisation	3,380	2,402
Travelling expenses	1,376	2,481
Lease-related expenses *(2019: Rental expenses)*	-	1,296
Others	9,235	8,774
Total	**49,364**	**53,465**

21 Income tax expense

Income tax recognised in profit or loss

	2020	2019
	(in thousand Baht)	
Current tax expense		
Current year	7,089	5,669
Deferred tax expense		
Movements in temporary differences	1,504	854
Total income tax expense	**8,593**	**6,523**

Income tax recognised directly in other comprehensive income (expense)

	2020			2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
			(in thousand Baht)			
Shares issuance expense	(143)	29	(114)	-	-	-

Reconciliation of effective tax rate

	2020		2019	
	Rate (%)	*(in thousand Baht)*	Rate (%)	*(in thousand Baht)*
Profit before income tax		39,676		30,089
Income tax using the Thai corporation tax rates	20	7,935	20	6,018
Expenses not deductible for tax purposes		217		740
Additional expenses deductible for tax purposes		(253)		(235)
Written off unutilised deferred tax asset		694		-
Total	**22**	**8,593**	**22**	**6,523**

Movements of deferred tax assets and liabilities during the years were as follows:

	At 1 January 2020	Charged / (Credited) to Profit or loss	At 31 December 2020
		(in thousand Baht)	
Deferred tax assets			
Trade accounts receivable	1,183	485	1,668
Allowance for doubtful accounts	1,009	(270)	739
Other receivables	-	16	16
Allowance for decline in value of inventories	1,062	363	1,425
Allowance for impairment losses on non-financial assets	7,875	25	7,900
Contract liabilities	448	159	607
Other payables	34	47	81
Deferred revenue	2,695	(2,415)	280
Non-current provisions for employee benefits	1,628	335	1,963
Difference arising from under common control transaction	2,213	(307)	1,906
Total	**18,147**	**(1,562)**	**16,585**
Deferred tax liabilities			
Inventories	(463)	(182)	(645)
Contract cost assets	(80)	(28)	(108)
Deferred cost	(400)	306	(94)
Property, plant and equipment	(1,193)	(38)	(1,231)
Total	**(2,136)**	**58**	**(2,078)**
Net	**16,011**	**(1,504)**	**14,507**

	At 1 January 2019	Charged / (Credited) to Profit or loss	At 31 December 2019
		(in thousand Baht)	
Deferred tax assets			
Trade accounts receivable	648	535	1,183
Allowance for doubtful accounts	1,794	(785)	1,009
Allowance for decline in value of inventories	838	224	1,062
Allowance for impairment losses on non-financial assets	8,250	(375)	7,875
Contract liabilities	-	448	448
Other payables	-	34	34
Deferred revenue	3,169	(474)	2,695
Non-current provisions for employee benefits	1,142	486	1,628
Difference arising from under common control transaction	2,617	(404)	2,213
Total	**18,458**	**(311)**	**18,147**
Deferred tax liabilities			
Inventories	(190)	(273)	(463)
Contract cost assets	-	(80)	(80)
Deferred cost	(509)	109	(400)
Property, plant and equipment	(894)	(299)	(1,193)
Total	**(1,593)**	**(543)**	**(2,136)**
Net	**16,865**	**(854)**	**16,011**

22 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2020 and 2019 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2020	2019
	(in thousand Baht / thousand shares)	
Profit for the years attributable to ordinary shareholders of the Company	**31,084**	**23,565**
Number of ordinary shares outstanding at 1 January	320,000	260,000
Effect of shares issued on 9 July 2019	-	28,932
Effect of shares issued on 27 March 2020	15,301	-
Weighted average number of ordinary shares outstanding (basic)	**335,301**	**288,932**
Basic earnings per share *(in Baht)*	**0.09**	**0.08**

23 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Dividend payment date	Dividend per share *(Baht)*	Amount *(in thousand Baht)*
2020				
Interim dividend	26 June 2020	June 2020	0.0293	9,950
Interim dividend	14 August 2020	August 2020	0.0226	7,700
2019				
Annual dividend	18 March 2020	March 2020	0.0454	14,528

24 Financial instruments

(a) Carrying amounts and fair values

Financial assets and liabilities which are not measured at fair value have carrying amounts approximately reasonable fair value. As at 31 December 2020 and 2019, the Company do not have financial assets and liabilities which are measured at fair value.

(b) Financial risk management policies

Risk management framework

The Company has a normal business operation risk from changes in interest rates and from non-compliance with the contractual requirements of the counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the Company's business. The Company have a system to maintain the risk balance at an acceptable level by consider between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that a balance between risk and control risk is achieved.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

(b.1.1) Trade accounts receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 18.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Compnay's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 120 days.

The following table provide information about the exposure to credit risk and ECL for trade account receivables.

At 31 December 2020	Trade account receivables *(in thousand Baht)*	Weighted average loss rate *(%)*	Allowance for impairment losses *(in thousand Baht)*
Within credit terms	23,409	0.08	18
Overdue:			
Less than 3 months	17,455	1.60	279
3 - 6 months	147	11.56	17
6 - 12 months	5,734	46.98	2,694
More than 12 months	687	100.00	687
Total	**47,432**		**3,695**
Less allowance for impairment	(3,695)		
Net	**43,737**		

Allowance for impairment – simplified approach

	(in thousand Baht)
At 1 January 2020	5,043
Increase	2,123
Decrease	(3,471)
At 31 December 2020	**3,695**

Impairment loss of financial assets for the year ended 31 December 2020	*(in thousand Baht)*
Recognised in profit or loss	
Impairment loss of trade account receivables	2,123

Trade account receivables	*(in thousand Baht)*
At 31 December 2019	
Third parties	
Within credit terms	36,932
Overdue:	
Less than 3 months	17,756
3 - 6 months	917
6 - 12 months	2,207
More than 12 months	4,318
Total	**62,130**
Less allowance for doubtful accounts	(5,043)
Net	**57,087**

The normal credit term granted by the Company ranges from 7 days to 120 days.

(b.1.2) Cash and cash equivalent

The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum investment grade credit rating given from external rating agency, for which the Company considers to have low credit risk.

(b.2) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows			
At 31 December 2020	Carrying Value	1 year or less	More than 1 year but Less than 5 years	More than 5 years	Total
			(in thousand Baht)		
Non-derivative financial liabilities					
Trade account payables	29,891	29,891	-	-	29,891
Other payables	20,142	20,142	-	-	20,142
Bank overdrafts and short-term loans from financial institutions	82,870	83,513	-	-	83,513
Leases liabilities	42,761	9,346	28,397	14,287	52,030
Income tax payable	3,089	3,089	-	-	3,089
Long-term loan	83,879	25,667	60,084	7,525	93,276
	262,632	**171,648**	**88,481**	**21,812**	**281,941**

		Maturity period			
At 31 December 2019	Effective interest rate *(% per annum)*	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
Financial Assets					
Long-term loan to a related party	6.00	-	-	5,767	5,767
Total		**-**	**-**	**5,767**	**5,767**
Financial Liabilities					
Bank overdrafts and short-term loans from financial institutions	5.00 - 7.12	96,643	-	-	96,643
Current portion of long-term loans from financial institutions	2.00 - 14.96	33,868	-	-	33,868
Long-term loans from financial institutions	2.00 - 14.96	-	60,642	1,619	62,261
Total		**130,511**	**60,642**	**1,619**	**192,772**

(b.3) Market risk

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

(b.3.1) Foreign currency risk

The Company do not have purchase nor sale in foreign currency. Thus, the Company is not exposed to significant foreign currency risk.

(c.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because most of loan interest rates are mainly floated. The Company is primarily exposed to interest rate risk from its borrowings (see note 13).

Exposure to interest rate risk at 31 December	2020	2019
	(in thousand Baht)	
Financial instruments with fixed interest rates		
Long-term loans from financial institutions	6,165	2,884
	6,165	**2,884**
Financial instruments with variable interest rates		
Bank overdrafts and short-term loans from financial institutions	82,870	96,643
Long-term loans from financial institutions	77,714	93,245
	160,584	**189,888**

25 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and monitors the level of dividends to ordinary shareholders.

26 Commitments with non-related parties

	2020	2019
	(in thousand Baht)	
Other commitments		
Bank guarantees	**1,248**	**1,248**

As at 31 December 2020 and 2019, the Company had bank guarantees with a financial institution, issued to Provincial Electricity Authority to guarantee for electricity usage amounting to Baht 0.8 million, issued to Safety, Health and Environmental At Work Fund for securing a borrowing amounting to Baht 0.4 million, and issued to Metropolitan Electricity Authority for electricity usage amounting to Baht 0.1 million.

27 Contingent liabilities

On 11 September 2019, the Company was accused in trademark infringement case with claim amounting to Baht 50.0 million. Presently, the case was under investigating by Central Intellectual Property and International Trade Court. The Court appointed witnesses of plaintiff and defendant to take evidences in October 2021. As such, it is not possible, at this stage, to identify whether any claims may be incurred at 31 December 2020. Therefore, the Company has not recorded liabilities from the cases as the management believed that the Company did not commit such infringement.

28 Events after the reporting period

On 27 January 2021, the Company entered into a long-term loan agreement with a financial institution to support the Company's liquidity amounting to Baht 19.9 million. The loan bore interest at the rate MLR-1.47% for the first year, and at the rate MLR-1.1% from the second year until the seventh year. The loan is secured by the Thai Credit Guarantee Corporation (TCG) and key management personnel.

On 11 January 2021, the Company entered into trade receivables factoring agreement with a financial institution to support the Company's liquidity amounting to Baht 20.0 million, which bore interest rate of 5.25% per annum. This agreement is secured by key management personnel.

On 23 February 2021, the Board of Director proposed the appropriation of dividend of Baht 0.0294 per share, totalling Baht 10.0 million. The dividend is subjected to the approval by the annual general meeting.

29 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 and statement of comprehensive income for the year then ended have been reclassified to conform to the presentation in the 2020 financial statements.

	2019		
	Before reclassification	Reclassification	After reclassification
		(in thousand Baht)	
Statement of financial position as at 31 December 2019			
Other receivables	11,139	(163)	10,976
Other non-current assets	1,579	163	1,742
Other payables	(23,775)	368	(23,407)
Other non-current liabilities	-	(368)	(368)
		-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.