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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 25 February 2021.

1. **General information**

Thai Rubber Latex Group Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in July 1991. The Company’s registered office as follows:

|  |  |  |
| --- | --- | --- |
| Head office | : | No. 99/1-3 Moo 13, Bangna-Trad Road, K.M. 7, Tambol Bangkaew, Amphur Bangplee, Samutprakarn |
| Branches at followings: | | |
|  | : | No. 29 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi |
|  | : | No. 35 Moo 4, Tambol Krasom, Amphur Takuatung, Phangnga |
|  | : | No. 198 Moo 7, Tambol Chomsawan, Amphur Maechan, Chiangrai |
|  | : | No. 124 Mooban Klongpom Moo 11, Tambol Banphru, Amphur Hatyai,  Songkhla |
|  | : | No. 293/2 Moo 1, Surat-Nasarn Road, Tambol Khunthale, Amphur  Mueang, Suratthani |
|  | : | No. 44/5 Moo 8, Kachet-Hatyai Road, Tambol Kachet, Amphur  Mueang, Rayong |
|  | : | No. 680 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi |
|  | : | No. 19/52 Moo 7, Tambol Bang Chalong, Amphur Bangplee, Samutprakan |

The Company’s major shareholders during the financial year were Wongsasuthikul Group (22.41% shareholding) and Woraprateep Group (15.98% shareholding).

The principal activities of the Company and its subsidiaries (“the Group”) are comprehensive rubber businesses covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, the producer of latex concentrate and latex rubber, latex rubber thread, and latex foam mattress. Details of the Company’s associates and subsidiaries as at 31 December 2020 and 2019 are given in notes 9 and 10.

1. **Basis of preparation of the financial statements**
2. ***Statement of compliance***

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

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 Group’s accounting policies.

The Group 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 Group/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 Group/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.

1. ***Functional and presentation currency***

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

1. ***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 Group’s/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.

* + 1. 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:

4(k) Leases:

* whether the Group/Company is reasonably certain to exercise extension options;

4(u) and 21 Revenue recognition:

* whether performance obligations in a bundled sale of products and services are capable of being distinct;
* commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
* whether long-term advances received from customers have significant financing component; and

5 Impact of COVID-19 Outbreak

1. Assumptions and estimation uncertainties

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

5 Impact of COVID-19 Outbreak;

8 Provison for inventories devaluation;

12 and 13 Revaluation of investment properties, land, buildings and machinery;

19 Measurement of defined benefit obligations: key actuarial assumptions;

25 Recognition of deferred tax assets: availability of future taxable profit against which  
 deductible temporary differences and tax losses carried forward can be utilised; and

28 Determining the fair value of financial instruments on the basis of significant   
 unobservable inputs and measurement of ECL allowance for trade receivables: key   
 assumptions in determining the weighted-average loss rate.

1. ***Use of going concern basis of accounting***

The major sales transactions of the Group/Company have been affected from the fluctuation in rubber price and economic slowdown as resulted of COVID-19 situation. The Group incurred net loss for the year ended 31 December 2020 of Baht 120.5 million *(2019: Baht 473.7 million).* As at the same date, the Group’s and the Company’s current liabilities exceeded current assets by Baht 2,736.5 million and Baht 2,111.0 million, respectively *(2019: Baht 2,078.9 million and Baht 593.0 million, respectively)*. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group’s/Company’s ability to continue as a going concern. However, the Company incurred net profit of Baht 108.9 million for the year then ended. The Group and the Company implemented policies and procedures in an attempt to manage their liquidity risk and other circumstances. The Group and the Company plan to address the liquidity problem by finding new customers, increasing sales volume and production capacity, cost reduction, restructuring of financing plan, finding more credit facilities and business restructuring of the Group/Company, sales of the non-performing assets including obtaining the lenders’ waiver of breaches of the terms of the loan agreements with financial institutions and negotiating for the reschedule the repayment of loan principal.

The consolidated and separate financial statements have been prepared by the management on a going concern basis, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Therefore, the consolidated and separate financial statements have not included any adjustment of the value of assets to realisable value, or of liabilities to the amounts eventually due, and reclassification of accounts, which may be necessary.

1. **Changes in accounting policies**

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16.

1. ***TFRS - Financial instruments standards***

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group 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 details of accounting policies are disclosed in note 4(d). 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 through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification 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, available-for-sale securities, trading securities and general investment as specified by TAS 105.

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 Group/Company recognised interest income and interest expenses at the rate specified in the contract.

The following table shows classification and measurement categories under TAS 105 and TFRS 9

| **Consolidated financial statements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| Classification under TAS 105 at 31 December 2019 | |  | Classification under TFRS 9 at 1 January 2020 | | |
|  | Carrying amounts |  | FVTPL |  | Amortised cost - net |
|  | *(in thousand Baht)* | | | | |
| Cash and cash equivalents | 91,126 |  | - |  | 91,126 |
| Trade and other current receivables | 952,834 |  | - |  | 952,834 |
| Other financial assets |  |  |  |  |  |
| - Fixed deposit with guarantee  obligation | 6,597 |  | - |  | 6,597 |
| - Non-current investments in  financial assets | 81,200 |  | 81,200 |  | - |
| **Total other financial assets** | **87,797** |  | **81,200** |  | **6,597** |
| **Total** | **1,131,757** |  | **81,200** |  | **1,050,557** |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 3,698,216 |  | - |  | 3,698,216 |
| Trade and other current payables | 264,713 |  | - |  | 264,713 |
| Short-term loans from related party | 3,100 |  | - |  | 3,100 |
| Long-term loans from financial institutions | 1,181,287 |  | - |  | 1,181,287 |
| **Total** | **5,147,316** |  | **-** |  | **5,146,316** |
|  |  |  |  |  |  |
| Derivative assets | - |  | 4,284 |  | - |
| Derivative liabilities | - |  | 209 |  | - |

| **Separate financial statements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| Classification under TAS 105 at 31 December 2019 | |  | Classification under TFRS 9 at 1 January 2020 | | |
|  | Carrying amounts |  | FVTPL |  | Amortised cost - net |
|  | *(in thousand Baht)* | | | | |
| Cash and cash equivalents | 34,102 |  | - |  | 34,102 |
| Trade and other current receivables | 811,969 |  | - |  | 811,969 |
| Loan to related party | 992,933 |  | - |  | 992,933 |
| Other financial assets |  |  |  |  |  |
| - Fixed deposit with guarantee  obligation | 6,597 |  | - |  | 6,597 |
| - Non-current investments in  financial assets | 81,200 |  | 81,200 |  | - |
| **Total other financial assets** | **87,797** |  | **81,200** |  | **6,597** |
| **Total** | **1,926,801** |  | **81,200** |  | **1,845,601** |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 2,906,703 |  | - |  | 2,906,703 |
| Trade and other current payables | 71,543 |  | - |  | 71,543 |
| Short-term loans from related party | 47,000 |  | - |  | 47,000 |
| Long-term loans from financial institutions | 831,250 |  | - |  | 831,250 |
| **Total** | **3,856,496** |  | **-** |  | **3,856,496** |
|  |  |  |  |  |  |
| Derivative assets | - |  | 1,584 |  | - |
| Derivative liabilities | - |  | 90 |  | - |

1. Impairment - Financial assets

TFRS 9 introduces the ‘expected credit loss’ (ECL) model whereas previously the Group/Company estimated the allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, except for investments in equity instruments.

The Group/Company has determined that the application of TFRS 9’s impairment requirements at 1 January 2020 have no material impact on the financial statements.

1. ***TFRS 16 Leases***

From 1 January 2020, the Group 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 Group, 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 Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group and 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 Group and the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group/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;

- recognition for leases of low-value assets;

- apply a single discount rate to a portfolio of leases with similar characteristics; and

- rely on previous assessments whether leases are onerous as an alternative to performing an impairment   
 review.

| ***Impact from the adoption of TFRS 16*** | Consolidated financial statements |  | Separate financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 1 January 2020*** |  | | |
| Right-of-use assets | 34,603 |  | 2,637 |
| Increase in lease liabilities | (34,603) |  | (2,637) |
|  |  |  |  |
| ***Measurement of lease liability*** |  |  |  |
|  |  | | |
| Operating lease commitment as disclosed at  31 December 2019 | 5,441 |  | - |
| *Add* contract is considered as a lease | 11,228 |  | 895 |
|  | 16,669 |  | 895 |
| Recognition exemption for short-term leases | (5) |  | (5) |
| Recognition exemption for leases of low-value assets | (30) |  | - |
| Extension and termination options reasonably certain to be exercised | 20,291 |  | 1,944 |
| Lease is considered as service contract | (156) |  | - |
|  | **36,769** |  | **2,834** |
| Present value of remaining lease payments, discounted using the  incremental borrowing rate at 1 January 2020 | 34,603 |  | 2,637 |
| Finance lease liabilities recognised as at 31 December 2019 | 54,190 |  | 51,101 |
| **Lease liabilities recognised at 1 January 2020** | **88,793** |  | **53,738** |
| Weighted-average incremental borrowing rate*(% per annum)* | **4** |  | **4** |

Right-of-use assets and lease liabilities shown above were presented as part of all segments.

1. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 3.

## ***Basis of consolidation***

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, other than business combinations with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Interests in equity-accounted investees*

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## ***Investments in subsidiaries and associates***

Investments in subsidiaries and associates in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

Interests in subsidiaries and associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the separate financial statements include the Company’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence, control or joint control ceases.

*Disposal of investments in the separate financial statements*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

1. ***Foreign currencies***

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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.

Foreign exchange differences are generally recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

1. ***Financial instruments***

***Accounting policies applicable from 1 January 2020***

*(d.1) Recognition and initial measurement*

Trade receivables and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group/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. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

*(d.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 Group/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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group/Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment,

‘principal’ is defined as the fair value of the financial asset on initial recognition.

‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group/Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group/Company considers:

* contingent events that would change the amount or timing of cash flows;
* terms that may adjust the contractual coupon rate, including variable-rate features; and
* terms that limit the Group’s/Company’s claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets - subsequent measurement and gains and losses*

|  |  |  |
| --- | --- | --- |
| Financial assets  at FVTPL |  | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| 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. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. 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.

*(d.3) Derecognition*

*Financial assets*

The Group/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 Group/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 Group/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 Group/Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group/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.

*(d.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 Group/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.

*(d.5) Derivatives*

Derivative are recognised at fair value. At the end of each reporting period the fair value is measured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

*(d.6) Hedging*

The Group/Company held certain derivatives to hedge exposure to foreign currency risk and interest rate.

***Accounting policies applicable before 1 January 2020***

Investments in associates and subsidiaries

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost less impairment losses method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

*Other long-term investments*

Other long-term investments which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

*Derivatives*

Derivatives were recognised when they were excercised.

1. ***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.

1. ***Trade and other current receivable***

A receivable is recognised when the Group has an unconditional right to receive consideration.

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.

1. ***Inventories***

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

Cost is calculated using the weighted average cost 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.

1. ***Investment properties***

Investment properties are properties which 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 on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

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

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment properties, and are recognised in profit or loss. When investment properties that was previously classified as property, plant and equipment is sold *(see note 4(i))*, the amounts included in the revaluation reserve are transferred to retained earnings.

1. ***Property, plant and equipment***

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land, buildings and machinery which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property’s existing use at the date of revaluation less any subsequent 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 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. When there is a disposal of revalued assets, the amount recognised in revaluation surplus is reclassified to retained earnings.

*Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

*Reclassification to investment properties*

When the use of a property changes from owner-occupied to investment properties, the property is remeasured to fair value and reclassified as investment properties. Property that is being constructed for future use as investment properties is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately 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 Group, 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 of plants and equipment, 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:

|  |  |  |
| --- | --- | --- |
| Building and building improvements | 5 - 50 | years |
| Machinery | 5 - 20 | years |
| Office and other equipment | 3 - 5 | years |
| Vehicles | 5 | years |
| Other fixed assets | 5 - 10 | years |

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

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

1. ***Intangible assets***

*Goodwill*

Goodwill that arises upon the acquisition of business is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

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

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*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 for the current and comparative years are as follows:

|  |  |  |
| --- | --- | --- |
| Software license | 5 | years |

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

1. ***Lease***

***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Group/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 Group/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 Group/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 Group/Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group/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 Group/Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group/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 Group’s/Company’s incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable amount under purchase, extension or termination option if the Group/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 Group/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 Group/Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment/intangible assets 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 Group/Company allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Group/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 Group/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.

***Accounting policies applicable before 1 January 2020***

As a lessee, leases in terms of which the Group/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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, 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.

1. ***Impairment of financial assets***

***Accounting policies applicable from 1 January 2020***

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

*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 Group/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, lease 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 group’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 Group/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 Group/Company is exposed to credit risk.

The Group/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 financial instruments’s credit rating, 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 Group/Company.

The Group/Company considers a financial asset to be in default when:

* the debtor is unlikely to pay its credit obligations to the Group/Company in full, without recourse by the Group/Company to actions such as realising security (if any is held); or
* the financial asset is more than 90 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 and credit risk ratings.

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 Group/Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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 90 days past due, probable the debtor will enter bankruptcy.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group/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.

***Accounting policies applicable before 1 January 2020***

The carrying amounts of the Group’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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

1. ***Impairment of non-financial assets***

The carrying amounts of the Group’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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*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 other 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.

1. ***Rubber plantation development costs***

Rubber plantation development costs represent the costs of rubber tree plantation, which are amortised over the estimated unit of production arising from the rubber trees. Cost of supplying rubber vacancies and infilling mature areas are expensed in profit or loss as incurred. No amortisation is provided on rubber plantation development costs that are not ready for harvest.

1. ***Land possessory rights***

Land possessory rights are stated at cost less accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives 50 years. The amortisation is recognised in profit or loss.

1. ***Deferred costs***

Deferred expenses represent deferred receptacle costs, which are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over a period of 1 - 3 years. The amortisation is recognised in profit or loss.

1. ***Employee benefits***

*Defined contribution plans*

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

*Defined benefit plans*

The Group’s net 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 regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net 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 net 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 Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group/Company can no longer withdraw the offer of those benefits and when the Group/Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted*.*

*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 Group/Companny 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.

1. ***Share-based payments***

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

1. ***Provisions***

A provision is recognised if, as a result of a past event, the Group/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 finance cost.

1. ***Fair values measurement***

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group/Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s/Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group/Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group/Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group/Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group/Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

1. ***Revenue***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group/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*

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.

1. ***Other income***

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group’s/Company’s right to receive payment is established.

1. ***Interest***

***Accounting policies applicable from 1 January 2020***

*Effective Interest Rate (EIR)*

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

* the gross carrying amount of the financial asset; or
* the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

***Accounting policies applicable before 1 January 2020***

Interest income is recognised in profit or loss at the rate specified in the contract.

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

1. ***Income tax***

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

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. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group 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 Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 Group 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 individual subsidiaries in the Group. 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.

1. ***Earnings (losses) per share***

The Group/Company presents basic earnings (loss) per share data for its ordinary shares. Basic earnings (losses) 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.

1. ***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 Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

1. ***Segment reporting***

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

1. **Impact of COVID-19 Outbreak**

Due to the COVID-19 outbreak at the beginning of 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 operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group’s/Company’s staff and to manage the negative impact on the business as much as possible. At 31 December 2020, the situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Group/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 outbreak on the following:

## *Impairment of assets*

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

The Group/Company elected to exclude the COVID-19 situation as impairment indicator for property, plant and equipment/investment properties/investment in subsidiaries.

## *Fair value measurement*

The Group/Company elected to measure investment in non-marketable equity securities at 31 December 2020 using fair values at 1 January 2020.

## *Deferred tax assets*

The Group/Company elected to exclude the factor of COVID-19 situation in considering sufficiency of future taxable profits to review the amount of deferred tax assets at 31 December 2020.

1. **Related parties**

Relationships with associates and subsidiaries are described in notes 9 and 10. Other related parties that the Group/Company had significant transactions with during the year were as follows:

|  |  |  |
| --- | --- | --- |
| **Name of entities** | **Country of incorporation/ nationality** | **Nature of relationships** |
| Other related parties | Thailand | Directors of related parties |
| 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 Group/Company |
| Soydao Rubber Estate Co., Ltd. | Thailand | Common directors |
| Ubis Primatech Co., Ltd. | Thailand | Common directors |

The pricing policies for particular types of transactions are explained further below:

| **Transactions** | **Pricing policies** |
| --- | --- |
| Sales of goods/raw materials | Market price |
| Rental income | Contractual price |
| Purchase of goods/raw materials | Market prices less operating expenses at the agreed  rate 1.0 - 5.0 baht per kilogram |
| Interest income | Cost plus margin |
| Interest expense | Cost plus margin |
| Commission expense | Cost plus margin |

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

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Year ended 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 1,172,372 |  | 1,425,466 |
| Purchases of goods/raw materials | - |  | - |  | 55,896 |  | 67,013 |
| Interest income | - |  | - |  | 4,963 |  | 66 |
| Interest expense | - |  | - |  | 1,838 |  | 1,833 |
| Commission expense | - |  | - |  | 212 |  | 3,106 |
| Rental income | - |  | - |  | 1,214 |  | 338 |
|  |  |  |  |  |  |  |  |
| **Associates** |  |  |  |  |  |  |  |
| Purchases of raw materials | 3,044 |  | 8,502 |  | 3,044 |  | 8,502 |
| Interest expense | - |  | 163 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 28,445 |  | 32,682 |  | 28,445 |  | 32,682 |
| Share-based payments | 11,419 |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods | 22,723 |  | 19,004 |  | 22,729 |  | 18,793 |
| Purchases of goods/raw materials | 9,509 |  | 11,778 |  | 9,634 |  | 11,778 |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts receivable*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 140,209 |  | 312,650 |
| Other related parties | 6,305 |  | 2,616 |  | 6,305 |  | 2,616 |
| **Total** | **6,305** |  | **2,616** |  | **146,514** |  | **315,266** |
|  |  |  |  |  |  |  |  |
| ***Other current receivables*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 31,793 |  | 30,749 |
| Associates | 1 |  | 2 |  | 1 |  | 2 |
| Other related parties | - |  | 1 |  | - |  | 1 |
| **Total** | **1** |  | **3** |  | **31,794** |  | **30,752** |

| ***Movement of loans to*** | **Interest rate** | **Separate financial statements** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Increase |  | Decrease |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2020*** |  |  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |
| Thai Rubber Land and  Plantation Co., Ltd. | - |  | 992,933 |  | - |  | (992,933) |  | - |
| Latex Systems Public  Company Limited | 4.0 |  | - |  | 171,368 |  | (5,368) |  | 166,000 |
| **Total** |  |  | **992,933** |  |  |  |  |  | **166,000** |
|  |  |  |  |  |  |  |  |  |  |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |
| Thai Rubber Land and  Plantation Co., Ltd. | - |  | 992,933 |  | - |  | - |  | 992,933 |
| Latex Systems Public  Company Limited | 4.0 |  | 38,000 |  | - |  | (38,000) |  | - |
| **Total** |  |  | **1,030,933** |  |  |  |  |  | **992,933** |
|  |  |  |  |  |  |  |  |  |  |

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts payable*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 1,446 |  | 25 |
| Associates | 573 |  | 433 |  | 573 |  | 433 |
| Other related parties | 1,734 |  | - |  | 1,734 |  | - |
| **Total** | **2,307** |  | **433** |  | **3,753** |  | **458** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Other current payables*** |  | | | | | | |
| Subsidiaries | **-** |  | **-** |  | **610** |  | **226** |
|  |  |  |  |  |  |  |  |

| ***Movement of loans from*** | **Interest rate** |  | **Consolidated financial statements** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Decrease |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | |
| ***2020*** |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | 4.0 |  | 3,100 |  | (1,500) |  | 1,600 |
| **Total** |  |  | **3,100** |  |  |  | **1,600** |
|  |  |  |  |  |  |  |  |
| ***2019*** |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | 4.0 |  | 4,500 |  | (1,400) |  | 3,100 |
| **Total** |  |  | **4,500** |  |  |  | **3,100** |

| ***Movement of loans from*** | **Interest rate** |  | **Separate financial statements** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Increase |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | |
| ***2020 and 2019*** |  |  |  |  |  |  |  |
| **Subsidiary** |  |  |  |  |  |  |  |
| Thai Rubber H P N R Co., Ltd. | 3.9 |  | 47,000 |  | - |  | 47,000 |
| **Total** |  |  | **47,000** |  |  |  | **47,000** |

***Significant agreements with related parties***

The Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 945.0 million and USD 10.0 million *(31 December 2019: Baht 950.0 million and USD 10.0 million)*.

1. **Cash and cash equivalents**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 1,024 |  | 1,405 |  | 768 |  | 591 |
| Cash at bank - current accounts | 52,817 |  | 55,315 |  | 855 |  | 10,045 |
| Cash at bank - saving accounts | 31,708 |  | 34,406 |  | 122 |  | 23,466 |
| **Total** | **85,549** |  | **91,126** |  | **1,745** |  | **34,102** |

1. **Inventories**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 820,875 |  | 953,673 |  | 675,721 |  | 647,366 |
| Work in process | 2,653 |  | 10,710 |  | - |  | - |
| Raw materials | 169,484 |  | 160,032 |  | 45,765 |  | 25,168 |
| Packing materials | 7,787 |  | 6,877 |  | 437 |  | 458 |
| Supplies | 26,083 |  | 37,404 |  | 6,913 |  | 7,686 |
| Goods in transit | 35,660 |  | - |  | - |  | - |
| **Total** | **1,062,542** |  | **1,168,696** |  | **728,836** |  | **680,678** |
| *Less* allowance for decline in value | (10,222) |  | (64,929) |  | - |  | - |
| **Net** | **1,052,320** |  | **1,103,767** |  | **728,836** |  | **680,678** |
| Inventories recognised in |  |  |  |  |  |  |  |
| ‘cost of sales of goods’: |  |  |  |  |  |  |  |
| - Cost | 6,263,374 |  | 6,256,069 |  | 4,558,883 |  | 4,921,464 |
| - Reversal of write-down | (64,633) |  | - |  | - |  | (16,999) |
| - Write-down to net realisable value | 9,926 |  | 64,929 |  | - |  | 16,999 |
| **Net** | **6,208,667** |  | **6,320,998** |  | **4,558,883** |  | **4,921,464** |

1. **Investments in associates**

Investments in associates as at 31 December 2020 and 2019 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Consolidate financial statements** | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of operation | Effective  ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Carrying amount based on equity method | | |  | Dividend income  for the year | | |
|  |  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **Associates** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | Planting of rubber | Thailand | 48.4 |  | 48.4 |  | 55,300 |  | 55,300 |  | 30,101 |  | 30,101 |  | 28,444 |  | 29,664 |  | - |  | - |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | Production of latex examination gloves | Thailand | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  |  | **67,950** |  | **67,950** |  | **28,444** |  | **29,664** |  | **-** |  | **-** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Country of | Effective | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income | | |
|  | operation | ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | for the year | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| **Associate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | Thailand | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | (37,849) |  | (37,849) |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | **37,849** |  | **37,849** |  | **(37,849)** |  | **(37,849)** |  | **-** |  | **-** |  | **-** |  | **-** |

None of the Group’/Company’s associates are publicly listed and consequently do not have published price quotations.

(\*) The Central Bankruptcy Court has ordered the verdict to be bankrupt since 27 September 2010. The Company recognised share of losses from investment in Rosener-Mautby Meditrade (Thailand) Ltd. until the value of the investment reached zero. Subsequent losses incurred by this associate have not been recognised in the Company’s accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate.

|  |  |  |  |
| --- | --- | --- | --- |
| The following table summarised the financial information of the associate as included in its own financial statements and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group’s interest in this company. | | | |
|  | **Wang Somboon Rubber**  **Estate Co., Ltd.** | | |
|  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | |
| Revenue | 9,705 |  | 18,392 |
| Loss from continuing operations | (2,325) |  | (2,525) |
| Other comprehensive income (expense) | (195) |  | (195) |
| Total comprehensive income (100%) | (2,520) |  | (2,720) |
| Total comprehensive income of the Group’s interest | (1,220) |  | (1,318) |
|  |  |  |  |
| Current assets | 16,673 |  | 17,601 |
| Non-current assets | 44,437 |  | 46,390 |
| Current liabilities | (246) |  | (585) |
| Non-current liabilities | (1,915) |  | (2,027) |
| Net assets (100%) | 58,949 |  | 61,379 |
| Group’s share of net assets | 30,505 |  | 31,715 |
| **Carrying amount of interest in associate** | **28,444** |  | **29,664** |

1. **Investments in subsidiaries**

Investments in subsidiaries as at 31 December 2020 and 2019 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of operation | Ownership interest | | | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | Dividend income  for the year | | |
|  |  |  | 2020 |  | 2019 | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  | *(%)* | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Direct subsidiaries*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| World Flex Public Company  Limited | Production and  distribution of  rubber thread | Thailand | 100.0 |  | 100.0 | 308,000 |  | 308,000 |  | 448,400 |  | 448,400 |  | - |  | - |  | 448,400 |  | 448,400 |  | - |  | - |
| Thai Rubber Land and Plantation Co., Ltd. | Planting of   rubber | Thailand | 100.0 |  | 100.0 | 1,800,000 |  | 800,000 |  | 1,800,000 |  | 800,000 |  | - |  | - |  | 1,800,000 |  | 800,000 |  | - |  | - |
| Thai Rubber  H P N R  Co., Ltd. | Trading of  products from  natural rubber | Thailand | 100.0 |  | 100.0 | 500,000 |  | 500,000 |  | 500,000 |  | 500,000 |  | - |  | - |  | 500,000 |  | 500,000 |  | - |  | - |
| Latex Systems Public Company Limited | Production and  distribution of  foam latex  mattresses and  pillows | Thailand | 56.2 |  | 56.2 | 158,784 |  | 158,784 |  | 54,310 |  | 54,310 |  | (41,000) |  | - |  | 13,310 |  | 54,310 |  | - |  | - |
| Myanmar Thai Rubber Joint Corporation Limited | Production and  distribution of  products from  natural rubber | Republic of   the Union  Of  Myanmar | 64.0 |  | 64.0 | 107,672 |  | 107,672 |  | 68,910 |  | 68,910 |  | (48,980) |  | (39,180) |  | 19,930 |  | 29,730 |  | - |  | - |
| Shanghai Runmao International Trading Co., Ltd. | Trading of  products from  natural rubber | Republic of   China | 100.0 |  | 100.0 | 35,399 |  | 35,399 |  | 40,834 |  | 40,834 |  | - |  | - |  | 40,834 |  | 40,834 |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | **2,912,454** |  | **1,912,454** |  | **(89,980)** |  | **(39,180)** |  | **2,822,474** |  | **1,873,274** |  | **-** |  | **-** |

On 30 April 2020, Thai Rubber Land and Plantation Co., Ltd. registered to increase its share capital by Baht 1,000.0 million with the Ministry of Commerce (increase authorised share capital of Baht 800.0 million to Baht 1,800.0 million).

During 2020, World Flex Public Company Limited, a subsidiary, amendned the Memorandum of Association from the registered share at par value of Baht 4 per share to Baht 1 per share (from 77.0 million shares to 308.0 million shares) and increased its authorised share capital by Baht 14.2 million (from registered share capital of Baht 308.0 million to Baht 322.2 million). The Company registered the increase of share capital with the Ministry of Commerce on 24 November 2020 and received advance from share subscription by Baht 14.2 million on 30 December 2020, it was recognised as advance received from share subscription. The subsidiary registered the change to paid-up capital with the Ministry of Commerce on 13 January 2021.

All subsidiaries were incorporated in Thailand, except Myanmar Thai Rubber Joint Corporation Limited and Shanghai Runmao International Trading Co., Ltd., which were incorporated in the Republic of the Union of Myanmar and People’s Republic of China, respectively.

None of the Company’s subsidiaries are publicly listed and consequently do not have published price quotation.

***Testing for CGUs containing investments***

During 2020, the spread of Covid-19 affected the operation of the subsidiaries significantly. The management of the Company believes that the investments in Myanmar Thai Rubber Joint Corporation Limited and Latex Systems Public Company Limited might be impaired and estimated the discounted cash flows to determine the recoverable of the cash generating units of investments. As a result, the Company recognised impairment losses in the separate statement of comprehensive income for the year ended 31 December 2020 for such subsidiaries amounting to Baht 9.8 million and Baht 41.0 million, respectively *(2019: nil).*

The estimated recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows prepared by the management. The key assumptions used in the estimation of the recoverable amount included the discount rate and EBITDA. The discount rate was a post-tax measure estimated based on the average weighted-average cost of capital of the investments.

1. **Non-controlling interests**

The following table summarises the information relating to each of the Group’s subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

|  | 31 December 2020 | | |
| --- | --- | --- | --- |
|  | Latex Systems |  |  |
|  | Public Company |  |  |
|  | Limited |  | Total |
|  | *(in thousand Baht)* | | |
| Non-controlling interest percentage | 43.84% |  |  |
|  |  |  |  |
| Current assets | 150,338 |  |  |
| Non-current assets | 711,459 |  |  |
| Current liabilities | (615,247) |  |  |
| Non-current liabilities | (329,382) |  |  |
| **Net assets** | **(82,832)** |  |  |
| Carrying amount of non-controlling interest | (36,308) |  | **(36,308)** |
| Other individually immaterial subsidiaries |  |  | 10,429 |
| **Net** |  |  | **(25,879)** |
|  |  |  |  |
| Revenue | 247,496 |  |  |
| Loss | (325,939) |  |  |
| Other comprehensive income | 53,306 |  |  |
| **Total comprehensive income** | **(272,633)** |  |  |
| Loss allocated to non-controlling interest | (142,868) |  | **(142,868)** |
| Other individually immaterial subsidiaries |  |  | (1,823) |
| **Net** |  |  | **(144,691)** |
| Other comprehensive income allocated to non-  controlling interest | (119,503) |  | **(119,503)** |
| Other individually immaterial subsidiaries |  |  | (2,537) |
| **Net** |  |  | **(122,040)** |
|  |  |  |  |
| Cash flows used in operating activities | (30,342) |  |  |
| Cash flows used in investing activities | (6,061) |  |  |
| Cash flows from financing activities | 36,995 |  |  |
| **Net increase in cash and cash equivalents** | **592** |  |  |

|  | 31 December 2019 | | |
| --- | --- | --- | --- |
|  | Latex Systems |  |  |
|  | Public Company |  |  |
|  | Limited |  | Total |
|  | *(in thousand Baht)* | | |
| Non-controlling interest percentage | 43.84% |  |  |
|  |  |  |  |
| Current assets | 393,532 |  |  |
| Non-current assets | 733,381 |  |  |
| Current liabilities | (707,148) |  |  |
| Non-current liabilities | (229,965) |  |  |
| **Net assets** | **189,800** |  |  |
| Carrying amount of non-controlling interest | 83,208 |  | **83,208** |
| Other individually immaterial subsidiaries |  |  | 12,952 |
| **Net** |  |  | **96,160** |
|  |  |  |  |
| Revenue | 589,497 |  |  |
| Loss | (271,331) |  |  |
| **Total comprehensive income** | **(271,331)** |  |  |
| Loss allocated to non-controlling interest | (118,952) |  | **(118,952)** |
| Other individually immaterial subsidiaries |  |  | (3,001) |
| **Net** |  |  | **(121,953)** |
| Other comprehensive income allocated to  non-controlling interest | (118,952) |  | **(118,952)** |
| Other individually immaterial subsidiaries |  |  | (3,755) |
| **Net** |  |  | **(122,707)** |
|  |  |  |  |
| Cash flows used in operating activities | (43,130) |  |  |
| Cash flows used in investing activities | (22,369) |  |  |
| Cash flows from financing activities  (Dividends to non-controlling interest: amounted to  Baht 16,287 thousand) | 57,017 |  |  |
| **Net decrease in cash and cash equivalents** | **(8,482)** |  |  |

1. **Investment properties**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  |  |  |  |  |  |  |  |
| - Land |  | 438,467 |  | 430,123 |  | 68,143 |  | 62,843 |
| - Building |  | 109,223 |  | 130,947 |  | 40,467 |  | 57,747 |
|  |  | **547,690** |  | **561,070** |  | **108,610** |  | **120,590** |
|  |  |  |  |  |  |  |  |  |
| Gain (loss) on fair value adjustments |  |  |  |  |  |  |  |  |
| - Land |  | 20,372 |  | 8,344 |  | 7,572 |  | 5,300 |
| - Building |  | 5,718 |  | (21,724) |  | (6,672) |  | (17,280) |
|  |  | **26,090** |  | **(13,380)** |  | **900** |  | **(11,980)** |
|  |  |  |  |  |  |  |  |  |
| Transfer from property, plant and  equipment |  |  |  |  |  |  |  |  |
| - Land |  | 167,223 |  | - |  | 118,923 |  | - |
| - Building |  | 63,723 |  | - |  | 63,723 |  | - |
|  | *13* | **230,946** |  | **-** |  | **182,646** |  | **-** |
|  |  |  |  |  |  |  |  |  |
| **At 31 December** |  |  |  |  |  |  |  |  |
| - Land |  | 626,062 |  | 438,467 |  | 194,638 |  | 68,143 |
| - Building |  | 178,664 |  | 109,223 |  | 97,518 |  | 40,467 |
| **Total** |  | **804,726** |  | **547,690** |  | **292,156** |  | **108,610** |

| ***Year ended 31 December*** |  |  | 2020 |  | 2019 |
| --- | --- | --- | --- | --- | --- |
|  |  |  | *(in thousand Baht)* | | |
| ***Amounts recognised in profit or loss*** |  |  |  |  |  |
| Rental income |  |  | 15,648 |  | 7,020 |

Investment properties comprise a number of commercial properties that are leased to third parties.  
Each of the lease contains an initial non-cancellable period of 1 to 3 years for land and building. Renewals are negotiated with the lessee. No contingent rents are charged.

The Group and the Company have pledged investment properties amounting to approximately Baht 673.9 million and Baht 292.2 million, respectively *(2019: Baht 327.2 million and Baht 108.6 million, respectively)* as collateral against credit facilities from a financial institution *(see note 18).*

The fair value of investment properties was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value*.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Valuation technique** |  | **Significant unobservable inputs** |  | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|  |  |  |  |  |
| Market comparison technique |  | The quoted prices and actual trading price of a similar comparative investment properties adjusted by other various factor. |  | The estimated fair value would increase (decrease) if the price per area were higher (lower). |
| Replacement cost technique |  | Construction cost and the depreciation of investment properties adjusted by other factors. |  | The estimated fair value would increase (decrease) if the condition of property and construction cost would increase (decrease). |

1. **Property, plant and equipment**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | Land  and land | | |  | Building  and building | |  | |  | | |  | Office and | |  | |  | | |  | Other | | |  | Assets under  construction and | |  |  | |
|  | | improvement | | |  | improvements | |  | | Machinery | | |  | other equipment | |  | | Vehicles | | |  | fixed assets | | |  | installation | |  | Total | |
|  | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** | |  | | |  |  | |  | |  | | |  |  | |  | |  | | |  |  | | |  |  | |  |  | |
| At 1 January 2019 | | 1,559,431 | | |  | 1,053,392 | |  | | 987,664 | | |  | 523,670 | |  | | 142,529 | | |  | 179,845 | | |  | 202,865 | |  | 4,649,396 | |
| Additions | | - | | |  | - | |  | | 1,106 | | |  | 12,125 | |  | | 3,011 | | |  | 75 | | |  | 96,656 | |  | 112,973 | |
| Surplus on revaluation | | - | | |  | - | |  | | 57,348 | | |  | - | |  | | - | | |  | - | | |  | - | |  | 57,348 | |
| Transfers | | 573 | | |  | 120,320 | |  | | 27,209 | | |  | 12,569 | |  | | - | | |  | 4,350 | | |  | (165,021) | |  | - | |
| Write-off | | - | | |  | (865) | |  | | (4,588) | | |  | (7,949) | |  | | - | | |  | (55) | | |  | (1,687) | |  | (15,144) | |
| Disposals | | - | | |  | (664) | |  | | (982) | | |  | (4,051) | |  | | (7,349) | | |  | - | | |  | - | |  | (13,046) | |
| Reversal of assets revaluation | | - | | |  | - | |  | | (253,426) | | |  | - | |  | | - | | |  | - | | |  | - | |  | (253,426) | |
| **At 31 December 2019** | | **1,560,004** | | |  | **1,172,183** | |  | | **814,331** | | |  | **536,364** | |  | | **138,191** | | |  | **184,215** | | |  | **132,813** | |  | **4,538,101** | |
| Recognition of right-of-use asset  on initial application of TFRS 16  *(see note 3(b))* | | - | | |  | 32,087 | |  | | - | | |  | 466 | |  | | 2,050 | | |  | - | | |  | - | |  | 34,603 | |
| **At 1 January 2020 - as adjusted** | | **1,560,004** | | |  | **1,204,270** | |  | | **814,331** | | |  | **536,830** | |  | | **140,241** | | |  | **184,215** | | |  | **132,813** | |  | **4,572,704** | |
| Additions | | 1,082 | | |  | 1,619 | |  | | 199 | | |  | 17,597 | |  | | 11,957 | | |  | - | | |  | 138,309 | |  | 170,763 | |
| Surplus on revaluation | | 168,293 | | |  | 191,301 | |  | | 112,559 | | |  | - | |  | | - | | |  | - | | |  | - | |  | 472,153 | |
| Transfers | | - | | |  | 2,987 | |  | | 31,980 | | |  | 7,395 | |  | | - | | |  | 10,723 | | |  | (53,085) | |  | - | |
| Revaluation of land and building  transferred to investment properties | | 20,097 | | |  | 22,070 | |  | | - | | |  | - | |  | | - | | |  | - | | |  | - | |  | 42,167 | |
| Transfer to investment properties  *(see note 12)* | | (167,223) | | |  | (73,503) | |  | | - | | |  | - | |  | | - | | |  | - | | |  | - | |  | (240,726) | |
| Write-off | | - | | |  | (4,331) | |  | | (6,024) | | |  | (3,943) | |  | | (1,840) | | |  | (56) | | |  | (338) | |  | (16,532) | |
| Disposals | | - | | |  | - | |  | | (1,330) | | |  | (51,706) | |  | | (9,470) | | |  | - | | |  | - | |  | (62,506) | |
| Reversal of assets revaluation | | - | | |  | (233,639) | |  | | (278,090) | | |  | - | |  | | - | | |  | - | | |  | - | |  | (511,729) | |
| **At 31 December 2020** | | **1,582,253** | | |  | **1,110,774** | |  | | **673,625** | | |  | **506,173** | |  | | **140,888** | | |  | **194,882** | | |  | **217,699** | |  | **4,426,294** | |
|  |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | Land  and land | |  | Building  and building | | |  | |  | |  | Office and | | |  | |  | |  | Other | | |  | Assets under  construction and | | |  |  | |
|  | improvement | |  | improvements | | |  | | Machinery | |  | other equipment | | |  | | Vehicles | |  | fixed assets | | |  | installation | | |  | Total | |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ***Depreciation and impairment losses*** |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| At 1 January 2019 | 15,447 | |  | 153,060 | | |  | | 384,885 | |  | 368,783 | | |  | | 121,252 | |  | 104,755 | | |  | - | | |  | 1,148,182 | |
| Depreciation charge for the year | - | |  | 42,874 | | |  | | 132,975 | |  | 36,009 | | |  | | 6,841 | |  | 10,513 | | |  | - | | |  | 229,212 | |
| Write-off | - | |  | (1,185) | | |  | | (3,974) | |  | (5,688) | | |  | | - | |  | (55) | | |  | - | | |  | (10,902) | |
| Disposals | - | |  | (155) | | |  | | (948) | |  | (4,051) | | |  | | (7,349) | |  | - | | |  | - | | |  | (12,503) | |
| Reversal of accumulated depreciation  on assets revaluation | - | |  | - | | |  | | (253,426) | |  | - | | |  | | - | |  | - | | |  | - | | |  | (253,426) | |
| **At 31 December 2019 and** |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| **1 January 2020** | **15,447** | |  | **194,594** | | |  | | **259,512** | |  | **395,053** | | |  | | **120,744** | |  | **115,213** | | |  | **-** | | |  | **1,100,563** | |
| Depreciation charge for the year | - | |  | 74,013 | | |  | | 115,770 | |  | 37,576 | | |  | | 7,180 | |  | 12,092 | | |  | - | | |  | 246,631 | |
| (Reversal of) Impairment losses | (2,907) | |  | 2,959 | | |  | | 2,377 | |  | - | | |  | | - | |  | - | | |  | - | | |  | 2,429 | |
| Transfer to investment properties  *(see note 12)* | - | |  | (9,780) | | |  | | - | |  | - | | |  | | - | |  | - | | |  | - | | |  | (9,780) | |
| Write-off | - | |  | (800) | | |  | | (4,739) | |  | (2,930) | | |  | | (1,145) | |  | (43) | | |  | - | | |  | (9,657) | |
| Disposals | - | |  | - | | |  | | (1,330) | |  | (51,403) | | |  | | (9,374) | |  | - | | |  | - | | |  | (62,107) | |
| Reversal of accumulated depreciation  on assets revaluation | - | |  | (233,639) | | |  | | (278,090) | |  | - | | |  | | - | |  | - | | |  | - | | |  | (511,729) | |
| **At 31 December 2020** | **12,540** | |  | **27,347** | | |  | | **93,500** | |  | **378,296** | | |  | | **117,405** | |  | **127,262** | | |  | **-** | | |  | **756,350** | |
|  |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| ***Net book value*** |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| **At 31 December 2019** |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| Owned assets | 1,544,557 | |  | 895,223 | | |  | | 554,819 | |  | 141,311 | | |  | | 10,950 | |  | 69,002 | | |  | 132,813 | | |  | 3,348,675 | |
| Assets under finance leases | - | |  | 82,366 | | |  | | - | |  | - | | |  | | 6,497 | |  | - | | |  | - | | |  | 88,863 | |
|  | **1,544,557** | |  | **977,589** | | |  | | **554,819** | |  | **141,311** | | |  | | **17,447** | |  | **69,002** | | |  | **132,813** | | |  | **3,437,538** | |
|  |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| **At 31 December 2020** |  | |  |  | | |  | |  | |  |  | | |  | |  | |  |  | | |  |  | | |  |  | |
| Owned assets | 1,563,723 | |  | 987,229 | | |  | | 580,125 | |  | 127,585 | | |  | | 14,123 | |  | 67,620 | | |  | 217,699 | | |  | 3,558,104 | |
| Right-of-use assets | 5,990 | |  | 96,198 | | |  | | - | |  | 292 | | |  | | 9,360 | |  | - | | |  | - | | |  | 111,840 | |
|  | **1,569,713** | |  | **1,083,427** | | |  | | **580,125** | |  | **127,877** | | |  | | **23,483** | |  | **67,620** | | |  | **217,699** | | |  | **3,669,944** | |

The gross amount of the Group and the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2020 amounted to Baht 505.8 million *(2019: Baht 489.2 million).*

The Group has borrowing costs related to the acquisition of buildings and machinery as part of the cost of assets amounting to Baht 1.3 million with interest rate at 4.0% p.a. *(2019: Baht 4.2 million with interest rate at 4.3% p.a.)*.

In December 2020, land, building and machinery are revalued by market approach and depreciated replacement cost ("DRC") approach. The Group/Company determined fair value based on valuations performed by valuer approved by the Office of the SEC resulted to increase in revaluation surplus of land, building and machinery of the Group and the Company by Baht 472.2 million and Baht 111.9 million, respectively.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  |
|  |  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  |
|  |  | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2019 |  | 464,129 |  | 441,103 |  | 436,403 |  | 154,779 |  | 97,395 |  | 141,947 |  | 6,668 |  | 1,742,424 |
| Additions |  | - |  | - |  | - |  | 2,839 |  | - |  | - |  | 2,954 |  | 5,793 |
| Surplus on revaluation |  | - |  | - |  | 57,348 |  | - |  | - |  | - |  | - |  | 57,348 |
| Transfers |  | 573 |  | 240 |  | 1,044 |  | (480) |  | - |  | 4,350 |  | (5,727) |  | - |
| Write-off |  | - |  | - |  | (1,743) |  | - |  | - |  | - |  | (1,687) |  | (3,430) |
| Disposals |  | - |  | - |  | - |  | - |  | (5,889) |  | - |  | - |  | (5,889) |
| Reversal of assets revaluation |  | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) |
| **At 31 December 2019** |  | **464,702** |  | **441,343** |  | **239,626** |  | **157,138** |  | **91,506** |  | **146,297** |  | **2,208** |  | **1,542,820** |
| Recognition of right-of-use asset  on initial application of TFRS 16  *(see note 3(b))* |  | - |  | 2,495 |  | - |  | 142 |  | - |  | - |  | - |  | 2,637 |
| **At 1 January 2020 - as adjusted** |  | **464,702** |  | **443,838** |  | **239,626** |  | **157,280** |  | **91,506** |  | **146,297** |  | **2,208** |  | **1,545,457** |
| Additions |  | - |  | 57 |  | 13 |  | 1,206 |  | - |  | - |  | 6,033 |  | 7,309 |
| Revaluation of assets |  | 35,708 |  | 76,145 |  | - |  | - |  | - |  | - |  | - |  | 111,853 |
| Transfers |  | - |  | 1,527 |  | 407 |  | - |  | - |  | 618 |  | (2,552) |  | - |
| Revaluation of land and building  transferred to investment properties |  | 9,204 |  | 22,070 |  | - |  | - |  | - |  | - |  | - |  | 31,274 |
| Transfer to investment properties  *(see note 12)* |  | (118,923) |  | (73,503) |  | - |  | - |  | - |  | - |  | - |  | (192,426) |
| Write-off |  | - |  | - |  | (1,999) |  | - |  | - |  | - |  | - |  | (1,999) |
| Disposals |  | - |  | - |  | - |  | (69) |  | (7,004) |  | - |  | - |  | (7,073) |
| Reversal of assets revaluation |  | - |  | (72,487) |  | - |  | - |  | - |  | - |  | - |  | (72,487) |
| **At 31 December 2020** |  | **390,691** |  | **397,647** |  | **238,047** |  | **158,417** |  | **84,502** |  | **146,915** |  | **5,689** |  | **1,421,908** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  | |
|  |  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  | |
|  |  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  | |
|  |  | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total | |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Depreciation and impairment losses*** |  |  | | | | | | | | | | | | | | |
| At 1 January 2019 |  | 12,540 |  | 81,515 |  | 257,970 |  | 141,803 |  | 86,025 |  | 84,247 |  | - |  | 664,100 | |
| Depreciation charge for the year |  | - |  | 5,739 |  | 57,159 |  | 4,335 |  | 3,623 |  | 7,458 |  | - |  | 78,314 | |
| Write-off |  | - |  | - |  | (1,178) |  | - |  | - |  | - |  | - |  | (1,178) | |
| Disposals |  | - |  | - |  | - |  | - |  | (5,888) |  | - |  | - |  | (5,888) | |
| Reversal of accumulated depreciation |  | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) | |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
| **and 1 January 2020** |  | **12,540** |  | **87,254** |  | **60,525** |  | **146,138** |  | **83,760** |  | **91,705** |  | **-** |  | **481,922** | |
| Depreciation charge for the year |  | - |  | 24,526 |  | 34,425 |  | 3,917 |  | 2,713 |  | 7,342 |  | - |  | 72,923 | |
| Reversal of impairment losses |  | - |  | (5,454) |  | - |  | - |  | - |  | - |  | - |  | (5,454) | |
| Offset of accumulated depreciation on  building transferred to investment  properties *(see note 12)* |  | - |  | (9,780) |  | - |  | - |  | - |  | - |  | - |  | (9,780) | |
| Write-off |  | - |  | - |  | (1,926) |  | - |  | - |  | - |  | - |  | (1,926) | |
| Disposals |  | - |  | - |  | - |  | (69) |  | (7,002) |  | - |  | - |  | (7,071) | |
| Reversal of accumulated depreciation on assets revaluation |  | - |  | (72,487) |  | - |  | - |  | - |  | - |  | - |  | (72,487) | |
| **At 31 December 2020** |  | **12,540** |  | **24,059** |  | **93,024** |  | **149,986** |  | **79,471** |  | **99,047** |  | **-** |  | **458,127** | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  |
|  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  |
|  | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 452,162 |  | 271,723 |  | 179,101 |  | 11,000 |  | 4,965 |  | 54,592 |  | 2,208 |  | 975,751 |
| Assets under finance leases | - |  | 82,366 |  | - |  | - |  | 2,781 |  | - |  | - |  | 85,147 |
|  | **452,162** |  | **354,089** |  | **179,101** |  | **11,000** |  | **7,746** |  | **54,592** |  | **2,208** |  | **1,060,898** |
| **At 31 December 2020** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 378,151 |  | 294,087 |  | 145,023 |  | 8,375 |  | 2,250 |  | 47,868 |  | 5,689 |  | 881,443 |
| Right-of-use assets | - |  | 79,501 |  | - |  | 56 |  | 2,781 |  | - |  | - |  | 82,338 |
|  | **378,151** |  | **373,588** |  | **145,023** |  | **8,431** |  | **5,031** |  | **47,868** |  | **5,689** |  | **963,781** |

The gross amount of the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2020 amounted to Baht 292.7 million *(2019: Baht 292.6 million).*

The Group and the Company have pledged their property, plant and equipment which have a net book value of Baht 2,476.6 million and Baht 719.4 million, respectively *(2019: Baht 2,318.2 million and Baht 805.3 million, respectively)*, as collateral to secure the Group’s and the Company’s bank overdrafts, trusted receipts, short and long term loans *(see note 18).*

The fair value of property, plant and machinery was determined by independent professional valuers, at open market values on an existing use basis. The fair value of property, plant and machinery has been categorised as a Level 3 fair value*.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Valuation technique** |  | **Significant unobservable inputs** |  | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|  |  |  |  |  |
| Market comparison technique |  | The quoted prices and actual trading price of a similar comparative land adjusted by other various factor. |  | The estimated fair value would increase (decrease) if the price per area were higher (lower). |
| Replacement cost technique |  | Construction costs, used machine costs or second hand machine and depreciation of building and machine adjusted by other factors. |  | The estimated fair value would increase (decrease) and the condition of property and construction cost and used machine or second hand machine would increase (decrease). |

If property, plant and machinery were measured using the cost model, the carrying amounts would be, as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31 December 2020** | | | |
|  | **Consolidated**  **financial statements** |  | **Separate**  **financial statements** | |
|  | *(in thousand Baht)* | | | |
| - Cost | 2,403,941 |  | 411,271 |
| - Accumulated depreciation and impairment losses | (819,094) |  | (98,003) |
|  | **1,584,847** |  | **313,268** |

*Transfer to investment properties*

During 2020, the Group/Company has transferred land and building to investment properties amounted to Baht 230.9 million and Baht 182.6 million, respectively. However, before transfer, the Group/Company remeasured land and building to fair value and recognised a gain of Baht 42.2 million and Baht 31.3 million, respectively, presented under revaluation of land and building transferred to investment properties in the statement of comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the asset at the date of transfer were the same as those applied to investment properties at the reporting date *(see note 12).*

1. **Goodwill**

|  |  |  | **Consolidated**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- |
|  |  |  | 2020 |  | 2019 |
|  |  |  | *(in thousand Baht)* | | |
| ***Cost*** |  |  |  |  |  |
| At 1 January |  |  | 12,303 |  | 12,303 |
|  |  |  |  |  |  |
| ***Impairment losses*** |  |  |  |  |  |
| At 1 January |  |  | (5,427) |  | - |
| Impairment loss |  |  | (6,876) |  | (5,427) |
| **At 31 December** |  |  | **(12,303)** |  | **(5,427)** |
|  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |
| **At 31 December** |  |  | **-** |  | **6,876** |
|  |  |  |  |  |  |

***Impairment testing for the cash generating unit containing goodwill***

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations. The key assumptions used in the estimation of the recoverable amount in DCF related to discount rate and estimated EBITDA. The discount rate is estimated based on the historical industry average weighted-average cost of capital. Estimated EBITDA is based on management’s expectation considering of historical experience. Based on the result of the assessment and management judgment. The carrying amount of the CGU was determined to be higher than its recoverable amount, hence, an impairment loss of Baht 6.9 million was recognised and included in administrative expense during 2020 *(2019: Baht 5.4 million)*.

1. **Land possessory rights**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 192,192 |  | 193,158 |  | 6,239 |  | 6,270 |
| Amortisation |  | (3,863) |  | (966) |  | (126) |  | (31) |
| **At 31 December** |  | **188,329** |  | **192,192** |  | **6,113** |  | **6,239** |

As at 31 December 2020, the Group and the Company have land possessory rights of approximately 13,558 rais and 49 rais, respectively *(2019: 13,558 rais and 49 rais, respectively)*. The Group and the Company are currently in the process of obtaining legal ownership acquisition.

1. **Advance payment for land possessory rights**

The Group entered into a Shareholders Agreement with Vantage Co., Ltd. (“Vantage”) to join and invest in the business in the Republic of the Union of Myanmar through the incorporation of Myanmar Thai Rubber Joint Corporation Limited (“MTRJC”) which is or shall be a limited company under the law in the Republic of the Union of Myanmar. MTRJC has registered capital of Baht 107.7 million in order to develop and produce of rubber plantation, rubber smoked sheet and concentrated natural latex factory in Myeik, Dawei. Under the terms of the above agreement, MTRJC will purchase land possessory rights at the amount of Baht 145 million. MTRJC paid advance payment for land possessory right at Baht 45 million. However, the land possessory rights have not yet been transferred to MTRJC. As a result, an addendum to the above agreement with Vantage has been made in order to transfer the land possessory rights to Vantage. The rubber plantation is operated by Vantage and the operating result from the rubber plantation will be repaid to MTRJC to deduct the advance for land possessory rights until the rights are transferred to MTRJC. As at 31 December 2020, the outstanding balance of advance payment for land possessory rights amounted of Baht 34.8 million is presented in the consolidated statement of financial position.

1. **Rubber plantation development costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |
|  |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | |
| At 1 January |  | 891,575 |  | 885,902 |
| Additions |  | 2,931 |  | 7,842 |
| Amortisation |  | (4,203) |  | (2,169) |
| **At 31 December** |  | **890,303** |  | **891,575** |
|  |  |  |  |  |

1. **Interest-bearing liabilities**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | | | | | |
|  | 2020 | | | | |  | 2019 | | | | | |
|  | *Note* | Secured |  | Unsecured |  | **Total** |  | Secured |  | Unsecured |  | **Total** |
|  |  | *(in thousand Baht)* | | | | | | | | | | | |
| Bank overdrafts |  | 36,888 |  | - |  | **36,888** |  | 12,302 |  | - |  | **12,302** |
| Short-term loans from financial institutions |  | 3,845,124 |  | - |  | **3,845,124** |  | 3,685,914 |  | - |  | **3,685,914** |
| Short-term loans from related party | *6* | - |  | 1,600 |  | **1,600** |  | - |  | 3,100 |  | **3,100** |
| Long-term loans from financial institutions |  | 1,076,429 |  | - |  | **1,076,429** |  | 1,181,287 |  | - |  | **1,181,287** |
| Lease liabilities  *(2019: Finance lease*  *liabilities*) |  | 56,869 |  | - |  | **56,869** |  | 54,190 |  | - |  | **54,190** |
| **Total interest-bearing liabilities** |  | **5,015,310** |  | **1,600** |  | **5,016,910** |  | **4,933,693** |  | **3,100** |  | **4,936,793** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | |
|  | 2020 | | | | |  | 2019 | | | | | |
|  | *Note* | Secured |  | Unsecured |  | **Total** |  | Secured |  | Unsecured |  | **Total** |
|  |  | *(in thousand Baht)* | | | | | | | | | | | |
| Bank overdrafts |  | 36,888 |  | - |  | **36,888** |  | 2,545 |  | - |  | **2,545** |
| Short-term loans from financial institutions |  | 3,163,323 |  | - |  | **3,163,323** |  | 2,904,158 |  | - |  | **2,904,158** |
| Short-term loans from related party | *6* | - |  | 47,000 |  | **47,000** |  | - |  | 47,000 |  | **47,000** |
| Long-term loans from financial institutions |  | 726,250 |  | - |  | **726,250** |  | 831,250 |  | - |  | **831,250** |
| Lease liabilities  *(2019: Finance lease*  *liabilities)* |  | 32,672 |  | - |  | **32,672** |  | 51,102 |  | - |  | **51,102** |
| **Total interest-bearing liabilities** |  | **3,959,133** |  | **47,000** |  | **4,006,133** |  | **3,789,055** |  | **47,000** |  | **3,836,055** |

As at 31 December 2020, the Group has unutilised credit facilities at the total of Baht 1,355.6 million and USD 83.4 million *(2019: Baht 1,961.0 million and USD 79.5 million)*, utilised credit facilities at the total of Baht 4,986.1 million and USD 31.0 million *(2019: Baht 4,947.3 million and USD 23.5 million)*, and the Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 945.0 million and USD 10.0 million *(2019: Baht 950.0 million and USD 10.0 million).*The Company had unutilised credit facilities totalling Baht 396.8 million *(2019: Baht 920.3 million).*

|  | **Consolidated financial statements** | | | | |  | | **Separate financial statements** | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Finance lease liabilities*** | Minimum lease payments |  | Interest |  | Present value of minimum lease payments | |  | | Minimum lease payments |  | Interest |  | Present  value of minimum lease  payments |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| **At 31 December 2019** |  | | | | | | | | | | | | |
| Within one year | 24,379 |  | (2,252) |  | 22,127 | |  | | 22,949 |  | (2,063) |  | 20,886 |
| 1 - 5 years | 33,924 |  | (1,861) |  | 32,063 | |  | | 31,913 |  | (1,697) |  | 30,216 |
| **Total** | **58,303** |  | **(4,113)** |  | **54,190** | |  | | **54,862** |  | **(3,760)** |  | **51,102** |

The Company sold their buildings and machineries to a local company and leased them back under finance lease agreements. The finance lease liabilities were repayable in monthly installments commencing from January 2015 to March 2023. Under the lease agreements, the Company must comply with conditions covering the lease assets.

Long-term borrowings from financial institutions of the Group/Company are secured by the mortgage by land and premises thereon, plants and machinery, and also guaranteed by the Group/Company. Moreover, the Group/Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio.

***Breach of loan covenant***

Moreover, the Group/Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio. During the year ended 31 December 2020, the Group failed to comply with maintaining the level of financial ratios as defined in the loan agreements. Breach of the terms of these agreements may cause the bank to recall all outstanding payables under such agreements. However, during 2020 the Group received the relief letter related to the level of financial ratios from the financial institutions and was negotiating for the reschedule the repayment of loan principal.

The details of long-term borrowings from financial institutions as at 31 December are summarised as follows:

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Long-term borrowings of the Company** |  |  |  |  |  |  |  |
| 1. Long-term borrowings of Baht 270 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 3 million for installment 1-8, Baht 4.5 million for installment 9-16, Baht 6 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every  3-month period, commencing December 2016. | 204,000 |  | 228,000 |  | 204,000 |  | 228,000 |
| 1. Long-term borrowings of Baht 645 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 7 million for installment 1-8, Baht 10.5 million for installment 9-16, Baht 14 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every  3-month period, commencing December 2016. | 491,000 |  | 547,000 |  | 491,000 |  | 547,000 |
| 1. Long-term borrowings of Baht 92.5 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 17 installments (Baht 2.5 million for first installment, Baht 3.8 million for installment 2-5, Baht 6.3 million for installment 6-16 and the remain principle for installment 17). The repayments are to be made for every 3-month period, commencing March 2018. | 31,250 |  | 56,250 |  | 31,250 |  | 56,250 |
|  |  |  |  |  |  |  |  |
| **Long-term borrowings of subsidiary** |  |  |  |  |  |  |  |
| *Latex Systems Public Company Limited* |  |  |  |  |  |  |  |
| 1. Long-term borrowings of Baht 300 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for Baht 12.5 million per installment. The repayments are to be made for every 3-month period, commencing September 2017. | 170,300 |  | 175,000 |  | - |  | - |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Long-term borrowings of subsidiary** |  |  |  |  |  |  |  |
| Latex Systems Public Company Limited |  |  |  |  |  |  |  |
| 1. Long-term borrowings of Baht 100 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for Baht 4.2 million each. The repayments are to be made for every   3-month period, commencing from January 2020. | 93,100 |  | 100,000 |  | - |  | - |
| 1. Long-term borrowings of Baht 400 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for Baht 16.7 million each. The repayments are to be made for every   3-month period, commencing from February 2020. | 86,779 |  | 75,037 |  | - |  | - |
| **Total** | **1,076,429** |  | **1,181,287** |  | **726,250** |  | **831,250** |
| *Less*: Current portion of long term borrowings | (773,000) |  | (238,600) |  | (720,000) |  | (105,000) |
| **Net** | **303,429** |  | **942,687** |  | **6,250** |  | **726,250** |

1. **Non-current provision for employee benefits**

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Post - employment benefits | 93,323 |  | 95,557 |  | 67,653 |  | 71,871 |
| **Total** | **93,323** |  | **95,557** |  | **67,653** |  | **71,871** |

***Defined benefit plan***

The Group and the Company operate 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 plans expose the Group and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

| ***Present value of the defined benefit obligations*** |  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 95,557 |  | 55,369 |  | 71,871 |  | 37,238 |
|  |  |  |  |  |  |  |  |  |
| **Include in profit or loss:** |  |  |  |  |  |  |  |  |
| Current service cost |  | 6,893 |  | 7,716 |  | 3,156 |  | 4,238 |
| Past service cost |  | - |  | 19,744 |  | - |  | 15,741 |
| Interest on obligation |  | 1,998 |  | 2,192 |  | 1,288 |  | 1,575 |
|  |  | **8,891** |  | **29,652** |  | **4,444** |  | **21,554** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | *(in thousand Baht)* | | | | | | |
| **Included in other comprehensive income** |  |  |  |  |  |  |  |  |
| Actuarial (gain) loss |  |  |  |  |  |  |  |  |
| * + - Demographic assumptions |  | (1,496) |  | 14,124 |  | 1,849 |  | 14,124 |
| * + - Financial assumptions |  | 3,440 |  | - |  | 3,008 |  | - |
| * + - Experience adjustment |  | 6,081 |  | - |  | 4,095 |  | - |
|  |  | **8,025** |  | **14,124** |  | **8,952** |  | **14,124** |
| Benefit paid |  | (19,150) |  | (3,588) |  | (17,614) |  | (1,045) |
| **At 31 December** |  | **93,323** |  | **95,557** |  | **67,653** |  | **71,871** |

| ***Principal actuarial assumptions*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(%)* | | | | | | |
| Discount rate | 1.3 - 1.8 |  | 1.8 - 4.4 |  | 1.4 |  | 1.8 - 4.4 |
| Future salary growth | 3.0 - 4.0 |  | 3.0 - 5.5 |  | 4.0 |  | 3.0 - 5.5 |

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

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 10 years *(2019:16 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*** | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 31 December*** | Increase | | |  | Decrease | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate (1%) | (6,616) |  | (7,211) |  | 7,707 |  | 8,373 |
| Future salary growth (1%) | 7,173 |  | 8,858 |  | (6,301) |  | (7,748) |
| Employee turnover rate (20%) | (5,436) |  | (5,916) |  | 6,382 |  | 6,972 |
|  |  |  |  |  |  |  |  |
| ***Effect to the defined benefit obligation*** | **Separate financial statements** | | | | | | |
| ***At 31 December*** | Increase | | |  | Decrease | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate (1%) | (3,879) |  | (4,359) |  | 4,491 |  | 5,010 |
| Future salary growth (1%) | 4,166 |  | 5,342 |  | (3,682) |  | (4,720) |
| Employee turnover rate (20%) | (2,703) |  | (3,366) |  | 3,092 |  | 3,892 |

1. **Reserves and share premium**

Reserves comprise:

***Appropriations of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 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.

**Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

***Other components of equity***

**Translation reserve**

The translation reserves comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

**Revaluation reserves**

The revaluation reserve comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Revaluation reserves | | | | | | |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 1,260,289 |  | 1,266,412 |  | 516,734 |  | 511,789 |
| Revaluation of land, building and  machinery, net of tax |  | 355,821 |  | 45,878 |  | 89,482 |  | 45,878 |
| Revaluation of land and building  transferred to investment properties,  net of tax |  | 33,733 |  | - |  | 25,020 |  | - |
| Amortisation |  | (52,343) |  | (52,001) |  | (41,006) |  | (40,933) |
| **At 31 December** |  | **1,597,500** |  | **1,260,289** |  | **590,230** |  | **516,734** |

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

1. **Segments information and disaggregation of revenue**

Management determined that the Group’s has three reportable segments, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group’s principal reportable segments.

* Segment 1 Concentrated and prevulcanized latex
* Segment 2 Latex products
* Segment 3 Rubber plantation

Each segment’s performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit (loss) before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

Revenue from sales of products of the Group came from concentrated and prevulcanized latex, latex products and rubber plantation and recognised at a point in time.

|  | Consolidated financial statements | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Concentrated and prevulcanized latex | | |  | Latex products | | | | |  | Rubber plantation | | |  | Total | | |
| ***For the year ended 31 December*** | 2020 |  | 2019 |  | 2020 | |  | | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | | | | | | | | | | | |
| ***Information about reportable segments*** |  | | | | | | | | | | | | | | | | |
| External revenue | 4,199 |  | 4,185 |  | 2,644 |  | | 2,634 | |  | 5 |  | 8 |  | 6,848 |  | 6,827 |
| Inter-segment revenue | 1,172 |  | 1,448 |  | 1 |  | | - | |  | 55 |  | 43 |  | 1,228 |  | 1,491 |
| **Total revenue** | **5,371** |  | **5,633** |  | **2,645** |  | | **2,634** | |  | **60** |  | **51** |  | **8,076** |  | **8,318** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| ***Disaggregation of revenue*** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Thailand | 2,547 |  | 2,341 |  | 126 |  | | 158 | |  | 5 |  | 8 |  | 2,678 |  | 2,507 |
| PRC | 354 |  | 576 |  | 1,837 |  | | 2,010 | |  | - |  | - |  | 2,191 |  | 2,586 |
| Malaysia | 601 |  | 513 |  | 2 |  | | - | |  | - |  | - |  | 603 |  | 513 |
| Hong Kong Special Administrative Region of the  People's Republic of China | 244 |  | 99 |  | 2 |  | | - | |  | - |  | - |  | 246 |  | 99 |
| Islamic Republic of Pakistan | 60 |  | 62 |  | 54 |  | | 24 | |  | - |  | - |  | 114 |  | 86 |
| Republic of Korea | 52 |  | 106 |  | 26 |  | | 25 | |  | - |  | - |  | 78 |  | 131 |
| Others countries | 341 |  | 488 |  | 597 |  | | 417 | |  | - |  | - |  | 938 |  | 905 |
| **Total revenue** | **4,199** |  | **4,185** |  | **2,644** |  | | **2,634** | |  | **5** |  | **8** |  | **6,848** |  | **6,827** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| At a point in time | **4,199** |  | **4,185** |  | **2,644** |  | | **2,634** | |  | **5** |  | **8** |  | **6,848** |  | **6,827** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax | 163 |  | (172) |  | (266) |  | | (258) | |  | 1 |  | (14) |  | (102) |  | (444) |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Interest income | 1 |  | 1 |  | - |  | | - | |  | - |  | - |  | 1 |  | 1 |
| Interest expense | (134) |  | (158) |  | (51) |  | | (47) | |  | - |  | - |  | (185) |  | (205) |
| Depreciation and amortisation | (78) |  | (85) |  | (166) |  | | (137) | |  | (6) |  | (10) |  | (250) |  | (232) |
| Selling-related expenses | (127) |  | (169) |  | (34) |  | | (34) | |  | - |  | - |  | (161) |  | (203) |
| Personnel-related expenses | (199) |  | (243) |  | (250) |  | | (252) | |  | (18) |  | (15) |  | (467) |  | (510) |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | |
|  | **Concentrated and prevulcanized latex** | | |  | **Latex products** | | | | |  | **Rubber plantation** | | |  | **Total** | | |
|  | 2020 |  | 2019 |  | 2020 |  | | 2019 | |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | | | | | | | | | | | |
| Other material non-cash items |  | | | | | | | | | | | | | | | | |
| - Impairment losses of trade accounts receivables | (1) |  | - |  | (44) |  | | (137) | |  | - |  | - |  | (45) |  | (137) |
| Investment in equity securities | 70 |  | 81 |  | - |  | | - | |  | 30 |  | 30 |  | 100 |  | 111 |
| Segment assets | 3,535 |  | 2,993 |  | 2,459 |  | | 2,482 | |  | 2,181 |  | 2,137 |  | 8,265 |  | 7,612 |
| Segment liabilities | 4,302 |  | 4,029 |  | 1,498 |  | | 1,448 | |  | 160 |  | 149 |  | 5,960 |  | 5,626 |

1. ***Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other***

***material items***

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Revenues | | |  | Profit or loss | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | |
| Reportable segments | 8,076 |  | 8,318 |  | (168) |  | (471) |
| Other segments | 127 |  | 50 |  | - |  | - |
| Elimination of inter-segment transactions | (1,237) |  | (1,497) |  | 48 |  | (3) |
| **Total** | **6,966** |  | **6,871** |  | **(120)** |  | **(474)** |

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Assets | | |  | Liabilities | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | |
| Reportable segments | 11,501 |  | 10,892 |  | 6,352 |  | 7,022 |
| Elimination of inter-segment transactions | (3,236) |  | (3,280) |  | (392) |  | (1,396) |
| **Total** | **8,265** |  | **7,612** |  | **5,960** |  | **5,626** |

|  | **Consolidated financial statements** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | |  | 2019 | | | | |
| ***Other material items*** | Reportable segment totals |  | Adjustments |  | Total |  | Reportable segment totals |  | Adjustments |  | Total |
|  | *(in million Baht)* | | | | | | | | | | |
| Interest income | 8 |  | (7) |  | 1 |  | 3 |  | (2) |  | 1 |
| Interest expense | 192 |  | (7) |  | 185 |  | 207 |  | (2) |  | 205 |
| Depreciation and  amortisation | 251 |  | (1) |  | 250 |  | 233 |  | (1) |  | 232 |
| Impairment losses of  trade accounts  receivable | 45 |  | - |  | 45 |  | 137 |  | - |  | 137 |

1. ***Geographical segments***

Segment 1, 2, and 3 are managed on a worldwide basis but operate manufacturing facilities and sales offices in Thailand, the People’s Republic of China (“PRC”) and the Republic of Union of Myanmar (“Myanmar”).

In presenting geographical information on the basis, segment revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Geographical information*** | Revenues | | |  | Non-current assets | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | |
| Thailand | 2,678 |  | 2,507 |  | 5,668 |  | 5,202 |
| PRC | 2,191 |  | 2,586 |  | - |  | - |
| Malaysia | 603 |  | 513 |  | - |  | - |
| Hong Kong Special Administrative  Region of the People's Republic of  China | 246 |  | 99 |  | - |  | - |
| Islamic Republic of Pakistan | 114 |  | 86 |  | - |  | - |
| Republic of Korea | 78 |  | 131 |  | - |  | - |
| Other countries | 938 |  | 905 |  | 94 |  | 96 |
| Investments in equity - accounted  investees | - |  | - |  | 98 |  | 111 |
| **Total** | **6,848** |  | **6,827** |  | **5,860** |  | **5,409** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | |
| ***Geographical information*** | Revenues | | |  | Non-current assets | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in million Baht)* | | | | | | |
| Thailand | 3,462 |  | 3,486 |  | 4,306 |  | 3,299 |
| PRC | 349 |  | 565 |  | - |  | - |
| Malaysia | 601 |  | 513 |  | - |  | - |
| Hong Kong Special Administrative  Region of the People's Republic of  China | 244 |  | 99 |  | - |  | - |
| Islamic Republic of Pakistan | 60 |  | 62 |  | - |  | - |
| Republic of Korea | 52 |  | 106 |  | - |  | - |
| Other countries | 341 |  | 463 |  | - |  | - |
| **Total** | **5,109** |  | **5,294** |  | **4,306** |  | **3,299** |

1. ***Promotional privileges***

The Group has been granted promotional certificates by the Office of the Board of Investment for rubber products. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certained terms and conditions prescribed in the promotional certificates.

|  | **Consolidated financial statements** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | |  | 2019 | | | | |
| ***Year ended 31 December*** | Promoted businesses |  | Non-promoted businesses |  | Total |  | Promoted businesses |  | Non-promoted businesses |  | Total |
|  | *(in million Baht)* | | | | | | | | | | |
| Export sales | 865 |  | 3,335 |  | 4,200 |  | 1,466 |  | 2,905 |  | 4,371 |
| Local sales | 95 |  | 3,781 |  | 3,876 |  | 126 |  | 3,822 |  | 3,948 |
| Eliminations | - |  | (1,228) |  | (1,228) |  | - |  | (1,492) |  | (1,492) |
| **Total** | **960** |  | **5,888** |  | **6,848** |  | **1,592** |  | **5,235** |  | **6,827** |

1. **Other income**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| Interest compensation |  | 11,866 |  | 15,315 |  | 11,866 |  | - |
| Sales of scrap |  | 22,141 |  | 9,981 |  | 18,927 |  | 5,265 |
| Rental income |  | 17,383 |  | 12,302 |  | 8,637 |  | 6,262 |
| Gain on foreign exchange |  | 18,692 |  | - |  | 13,726 |  | - |
| Interest income |  |  |  |  |  |  |  |  |
| - Related parties | *6* | - |  | - |  | 4,963 |  | 66 |
| - Other parties |  | 1,219 |  | 1,561 |  | 93 |  | 282 |
| Gain on of fair value adjustment in  investment properties | *12* | 26,090 |  | - |  | 900 |  | - |
| Others |  | 20,718 |  | 4,512 |  | 6,343 |  | 702 |
| **Total** |  | **118,109** |  | **43,671** |  | **65,455** |  | **12,577** |

1. **Employee benefit expenses**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| Wages and salaries |  | 373,989 |  | 432,048 |  | 157,893 |  | 199,850 |
| Defined benefit plans |  | 8,891 |  | 9,909 |  | 4,444 |  | 5,813 |
| Defined contribution plans |  | 7,682 |  | 10,555 |  | 3,389 |  | 4,432 |
| Termination benefits |  | 11,750 |  | - |  | - |  | - |
| Equity-settled share-based payments |  | 17,395 |  | - |  | - |  | - |
| Others |  | 90,220 |  | 80,617 |  | 36,294 |  | 33,109 |
| **Total** |  | **509,927** |  | **533,129** |  | **202,020** |  | **243,204** |

At the extraordinary meeting of the shareholders of the Company held on 30 December 2020, the shareholders approved the resolution to allocating the newly issue common stock of World Flex Public Company Limited., a subsidiary, to its directors and employees (ESOP) and the Company’s directors amounting to 14.2 million shares at Baht 1 per share, which equals to Baht 14.2 million. Fair value of share as at the allotment date was Baht 2.23 per shares. Such difference was recognised as share-based payments in the consolidated statement of comprehensive income for the year ended 31 December 2020 of Baht 17.4 million.

Such subsidiary has measured share-based payments by fair value of external advisor service fee referenced with the estimated fair value of equity securities as at granted date calculated by a financial advisor under (Discounted Cash Flow Approach : DCF) equal to Return on Equity or Cost of Equity (Ke). Value is calculated by performance and profitability in the future by model theory in Capital Asset Pricing Model (CAPM) which has significant assumption as risk free return and market return referenced by retroactive return of stock market. Beta is the average beta of the subsidiary comparing to the industry.

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Group at rates ranging from 5% of the employees’ basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed fund manager.

1. **Expenses by nature**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Change in finished goods and work in process | (140,695) |  | (70,598) |  | (28,355) |  | 102,108 |
| Raw materials and supplies used | 5,506,019 |  | 3,507,655 |  | 3,667,994 |  | 3,903,531 |
| Purchase of finished goods | 905,299 |  | 862,933 |  | 650,038 |  | 587,648 |
| Depreciation and amortisation | 164,975 |  | 217,574 |  | 64,757 |  | 78,570 |
| Employee benefit expenses | 481,107 |  | 518,508 |  | 195,250 |  | 241,637 |
| Bad and doubtful accounts | 44,225 |  | 136,704 |  | 713 |  | - |
| Idle costs | 124,882 |  | 43,921 |  | 17,307 |  | 2,527 |

1. **Income tax**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income tax recognised in profit or loss** |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| **Deferred tax expense** |  |  |  |  |  |  |  |  |
| Movements in temporary differences |  | 18,957 |  | 30,137 |  | (11,178) |  | (4,548) |
| **Total income tax expense** |  | **18,957** |  | **30,137** |  | **(11,178)** |  | **(4,548)** |
|  |  |  |  |  |  |  |  |  |

| ***Income tax*** | **Consolidated financial statements** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2020 | | | | |  | 2019 | | | | |
|  |  | Tax |  |  |  |  |  | Tax |  |  |
| Before |  | (expense) |  | Net of |  | Before |  | (expense) |  | Net of |
| tax |  | benefit |  | tax |  | tax |  | benefit |  | tax |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  |  |  |  |  |  |  |  |  |
| Revaluation of property,  plant and equipment | 514,293 |  | (102,859) |  | 411,434 |  | 57,348 |  | (11,470) |  | 45,878 |
| Defined benefit plan  actuarial gains (losses) | (8,025) |  | 1,605 |  | (6,420) |  | (14,124) |  | 2,825 |  | (11,299) |
| **Net** | **506,268** |  | **(101,254)** |  | **405,014** |  | **43,224** |  | **(8,645)** |  | **34,579** |

| ***Income tax*** | **Separated financial statements** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2020 | | | | |  | 2019 | | | | |
|  |  | Tax |  |  |  |  |  | Tax |  |  |
| Before |  | (expense) |  | Net of |  | Before |  | (expense) |  | Net of |
| tax |  | benefit |  | tax |  | tax |  | benefit |  | tax |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  |  |  |  |  |  |  |  |  |
| Revaluation of property,  plant and equipment | 143,127 |  | (28,625) |  | 114,502 |  | 57,348 |  | (11,470) |  | 45,878 |
| Defined benefit plan  actuarial gains (losses) | (8,951) |  | 1,790 |  | (7,161) |  | (14,124) |  | 2,825 |  | (11,299) |
| **Net** | **134,176** |  | **(26,835)** |  | **107,341** |  | **43,224** |  | **(8,645)** |  | **34,579** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation of effective tax rate*** | Consolidated financial statements | | | | | | |
|  | 2020 | | |  | 2019 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Loss before income tax expense |  |  | (101,573) |  |  |  | (443,538) |
| Income tax using the Thai corporation tax rate | (20) |  | (20,315) |  | (20) |  | (88,771) |
| Promotional privileges |  |  | (4,800) |  |  |  | - |
| Expenses not deductible for tax purposes |  |  | 19,161 |  |  |  | 47,917 |
| Recognition of previously unrecognised tax losses |  |  | (36,601) |  |  |  | - |
| Current year losses for which no deferred tax  assets were recognised |  |  | 63,349 |  |  |  | 47,702 |
| Written-off unrecoverable deferred tax assets from  loss carry forward |  |  | 2,537 |  |  |  | 27,551 |
| Others |  |  | (4,374) |  |  |  | (4,262) |
| **Net** | 19 |  | **18,957** |  | 7 |  | **30,137** |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | |  | 2019 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Profit (loss) before income tax expense |  |  | 97,730 |  |  |  | (176,664) |
| Income tax using the Thai corporation tax rate | 20 |  | 19,546 |  | (20) |  | (35,333) |
| Expenses not deductible for tax purposes |  |  | 953 |  |  |  | 1,014 |
| Recognition of previously unrecognised tax losses |  |  | (28,244) |  |  |  | - |
| Current year losses for which no deferred tax  assets was recognised |  |  | - |  |  |  | 26,123 |
| Written-off unrecoverable deferred tax assets from  loss carry forward |  |  | - |  |  |  | 3,793 |
| Others |  |  | (3,433) |  |  |  | (145) |
| **Net** | (11) |  | **(11,178)** |  | (3) |  | **(4,548)** |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 80,074 |  | 98,955 |  | (470,941) |  | (369,585) |
| Set off of tax | (80,074) |  | (98,955) |  | 80,074 |  | 98,955 |
| **Net deferred tax asset (liabilities)** | **-** |  | **-** |  | **(390,867)** |  | **(270,630)** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 83,114 |  | 81,843 |  | (156,469) |  | (139,541) |
| Set off of tax | (83,114) |  | (81,843) |  | 83,114 |  | 81,843 |
| **Net deferred tax asset (liabilities)** | **-** |  | **-** |  | **(73,355)** |  | **(57,698)** |

Movements in total deferred tax assets and liabilities during the years ended 31 December 2020 and 2019 were as follows:

|  | **Consolidated financial statements** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | | | | |
|  | **At 1** |  |  |  | Other |  | **At 31** | |
|  | **January** |  | Profit |  | comprehensive |  | **December** | |
|  | **2020** |  | or loss |  | income |  | **2020** | |
|  | *(in thousand Baht)* | | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  | |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | 143 |  | - |  | 26,849 | |
| Property, plant and equipment  *(sales and leaseback)* | 12,591 |  | (7,933) |  | - |  | 4,658 | |
| Employee benefit obligations | 19,112 |  | (2,052) |  | 1,605 |  | 18,665 | |
| Financial assets at FVTPL | 3,760 |  | 2,240 |  | - |  | 6,000 | |
| Others | 2,218 |  | (1,601) |  | - |  | 617 | |
| Loss carry forward | 34,568 |  | (11,283) |  | - |  | 23,285 | |
| **Total** | **98,955** |  | **(20,486)** |  | **1,605** |  | **80,074** | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (292,534) |  | 15,769 |  | (102,859) |  | (379,624) |
| Investment properties *(revaluation)* | (63,260) |  | (6,331) |  | - |  | (69,591) |
| Amortisation of rubber plantation  development costs | (12,389) |  | (4,854) |  | - |  | (17,243) |
| Others | (1,402) |  | (3,081) |  | - |  | (4,483) |
| **Total** | **(369,585)** |  | **1,503** |  | **(102,859)** |  | **(470,941)** |
|  |  |  |  |  |  |  |  |
| **Net** | **(270,630)** |  | **(18,983)** |  | **(101,254)** |  | **(390,867)** |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | comprehensive |  | **December** |
|  | **2019** |  | or loss |  | income |  | **2019** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | - |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 20,455 |  | (7,864) |  | - |  | 12,591 |
| Employee benefit obligations | 11,074 |  | 5,213 |  | 2,825 |  | 19,112 |
| Other long-term investments  *(allowance for impairment loss)* | 3,760 |  | - |  | - |  | 3,760 |
| Others | 3,082 |  | (864) |  | - |  | 2,218 |
| Loss carry forward | 69,426 |  | (34,858) |  | - |  | 34,568 |
| **Total** | **134,503** |  | **(38,373)** |  | **2,825** |  | **98,955** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (294,166) |  | 13,102 |  | (11,470) |  | (292,534) |
| Investment properties  *(revaluation)* | (64,551) |  | 1,291 |  | - |  | (63,260) |
| Others | (7,634) |  | (6,157) |  | - |  | (13,791) |
| **Total** | **(366,351)** |  | **8,236** |  | **(11,470)** |  | **(369,585)** |
|  |  |  |  |  |  |  |  |
| **Net** | **(231,848)** |  | **(30,137)** |  | **(8,645)** |  | **(270,630)** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | comprehensive |  | **December** |
|  | **2020** |  | or loss |  | income |  | **2020** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | 143 |  | - |  | 26,849 |
| Property, plant and equipment  *(sales and leaseback)* | 12,591 |  | (7,933) |  | - |  | 4,658 |
| Employee benefit obligations | 14,374 |  | (2,634) |  | 1,790 |  | 13,530 |
| Financial assets measured at  FVTPL | 11,596 |  | 12,420 |  | - |  | 24,016 |
| Others | 1,404 |  | 53 |  | - |  | 1,457 |
| Loss carry forward | 15,172 |  | (2,568) |  | - |  | 12,604 |
| **Total** | **81,843** |  | **(519)** |  | **1,790** |  | **83,114** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (126,211) |  | 18,119 |  | (28,625) |  | (136,717) |
| Investment properties  *(revaluation)* | (11,770) |  | (757) |  | - |  | (12,527) |
| Derivatives | - |  | (2,876) |  | - |  | (2,876) |
| Others | (1,560) |  | (2,789) |  | - |  | (4,349) |
| **Total** | **(139,541)** |  | **11,697** |  | **(28,625)** |  | **(156,469)** |
|  |  |  |  |  |  |  |  |
| **Net** | **(57,698)** |  | **11,178** |  | **(26,835)** |  | **(73,355)** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | comprehensive |  | **December** |
|  | **2019** |  | or loss |  | income |  | **2019** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | - |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 20,455 |  | (7,864) |  | - |  | 12,591 |
| Employee benefit obligations | 7,448 |  | 4,101 |  | 2,825 |  | 14,374 |
| Other long-term investments  *(allowance for impairment loss)* | 11,596 |  | - |  | - |  | 11,596 |
| Others | 2,267 |  | (863) |  | - |  | 1,404 |
| Loss carry forward | 18,965 |  | (3,793) |  | - |  | 15,172 |
| **Total** | **87,437** |  | **(8,419)** |  | **2,825** |  | **81,843** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (127,386) |  | 12,645 |  | (11,470) |  | (126,211) |
| Investment properties  *(revaluation)* | (13,596) |  | 1,826 |  | - |  | (11,770) |
| Others | (56) |  | (1,504) |  | - |  | (1,560) |
| **Total** | **(141,038)** |  | **12,967** |  | **(11,470)** |  | **(139,541)** |
|  |  |  |  |  |  |  |  |
| **Net** | **(53,601)** |  | **4,548** |  | **(8,645)** |  | **(57,698)** |

Deferred tax assets arising from unused tax losses that has not been recognised in the financial statements were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| Loss carry forward |  | 122,787 |  | 124,201 |  | - |  | 28,244 |
| **Total** |  | **122,787** |  | **124,201** |  | **-** |  | **28,244** |

The tax losses expire in 2021 - 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As of 31 December 2020 and 2019, the Group/Company recognised deferred tax assets in respect of a portion of unused tax losses because the Group has been granted privileges by the Board of Investment. The management believes that it is probable that future taxable profits arising from increasing production capacity in certain businesses, restructuring of financing plan and business restructuring of the Group/Company will be available against which such losses can be used and, therefore, the related deferred tax assets can be utilised.

1. **Earnings (losses) per share**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht/thousand shares)* | | | | | | |
| **Profit (losses) attributable to ordinary**  **shareholders of the Company** | **24,162** |  | **(351,723)** |  | **108,908** |  | **(172,116)** |
| Number of issued shares at 31 December | 681,480 |  | 681,480 |  | 681,480 |  | 681,480 |
| **Weighted average number of ordinary**  **shares outstanding** | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
| **Basic earnings (losses) per share**  ***(in Baht)*** | **0.04** |  | **(0.52)** |  | **0.16** |  | **(0.25)** |

1. **Dividends**

The shareholders of the Company have approved dividends as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2019* |  |  |  |  |  |
| Annual dividend | 26 April 2019 | May 2019 | 0.01 |  | 7 |
|  |  |  |  |  |  |

1. **Financial instruments**
2. ***Carrying amounts and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

|  | **Consolidated financial statements** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount | |  | Fair value | | | | |
| ***At 31 December 2020*** | Financial instruments measured at FVTPL |  | | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | |
| ***Financial assets*** |  |  | |  |  |  |  |  |
| Other financial assets: |  |  | |  |  |  |  |  |
| Other derivatives assets | 21,542 |  | | 21,542 |  | - |  | 21,542 |
| Non-current investments  in financial assets | 70,000 |  | | - |  | 70,000 |  | 70,000 |
| **Total other financial liabilities** | **91,542** |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
| ***Financial liabilities*** |  |  | |  |  |  |  |  |
| Other financial liabilities: |  |  | |  |  |  |  |  |
| Other derivatives liabilities | (1,882) |  | | (1,882) |  | - |  | (1,882) |
| **Total other financial**  **liabilities** | **(1,882)** |  | |  |  |  |  |  |

|  | **Separated financial statements** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount | |  | Fair value | | | | |
| ***At 31 December 2020*** | Financial instruments measured at FVTPL |  | | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | |
| ***Financial assets*** |  |  | |  |  |  |  |  |
| Other financial assets: |  |  | |  |  |  |  |  |
| Other derivatives assets | 14,818 |  | | 14,818 |  | - |  | 14,818 |
| Non-current investments  in financial assets | 70,000 |  | | - |  | 70,000 |  | 70,000 |
| **Total other financial liabilities** | **84,818** |  | |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |
| ***Financial liabilities*** |  |  | |  |  |  |  |  |
| Other financial liabilities: |  |  | |  |  |  |  |  |
| Other derivatives liabilities | (440) |  | | (440) |  | - |  | (440) |
| **Total other financial**  **liabilities** | **(440)** |  | |  |  |  |  |  |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | |
|  |  |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| **31 December 2019** |  | | | | | | |
| ***Financial assets and financial liabilities measured at fair value*** |  |  |  |  |  |  |  |
| Derivatives assests | - |  | 4,284 |  | - |  | 4,284 |
| Non-current investments in financial assets | 81,200 |  | - |  | 81,200 |  | 81,200 |
| Derivatives liabilities | - |  | (209) |  | - |  | (209) |

|  | **Separated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | |
|  |  |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| **31 December 2019** |  | | | | | | |
| ***Financial assets and financial liabilities measured at fair value*** |  |  |  |  |  |  |  |
| Derivatives assests | - |  | 1,584 |  | - |  | 1,584 |
| Non-current investments in financial assets | 81,200 |  | - |  | 81,200 |  | 81,200 |
| Derivatives liabilities | - |  | (90) |  | - |  | (90) |

***Financial instruments measured at fair value***

| **Type** |  | **Valuation technique** |
| --- | --- | --- |
| Forward exchange contracts |  | *Forward pricing:* The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. |
|  |  |  |
| Non-current investments in  financial assets measured  at FVTPL |  | The latest net asset value. |

***(b) Financial risk management policies***

***Risk management framework***

The Group’s/Company’s board of directors has overall responsibility for the establishment and oversight of the Group’s/Company’s risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group’s/Company’s risk management policies. The committee reports regularly to the board of directors on its activities.

The Group’s/Company’s risk management policies are established to identify and analyse the risks faced by the Group/Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s/Company’s activities. The Group/Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s/Company’s audit committee oversees how management monitors compliance with the Group’s/ Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group/Company. The Group’s/Company’s audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

***(b.1) Credit risk***

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

(b.1.1) Trade accounts receivables

The Group’s/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.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s/Company’s standard payment and delivery terms and conditions are offered. The Group’s/Company’s review sale limits which established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group/Company limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of three months.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables.

|  | **Consolidated financial statements** | | | | **Separate financial statements** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 31 December 2020*** | Trade accounts receivables |  | Allowance  for expected credit loss |  | | Trade accounts receivables |  | Allowance  for expected credit loss |
|  | *(in thousand Baht)* | | | | | | | |
| Within credit terms | 802,227 |  | - |  | | 732,169 |  | - |
| Overdue: |  |  |  |  | |  |  |  |
| Less than 3 months | 261,328 |  | - |  | | 232,886 |  | - |
| 3-6 months | 259 |  | - |  | | 8 |  | - |
| 6-12 months | 3,554 |  | 3,201 |  | | - |  | - |
| More than 12 months | 311,259 |  | 311,259 |  | | 134,242 |  | 134,242 |
| **Total** | **1,378,627** |  | **314,460** |  | | **1,099,305** |  | **134,242** |
| *Less* allowance for expected credit loss | (314,460) |  |  |  | | (134,242) |  |  |
| **Net** | **1,064,167** |  |  |  | | **965,063** |  |  |

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s/Company’s view of economic conditions over the expected lives of the receivables.

| ***Trade accounts receivables*** | Consolidated  financial statements |  | Separate  financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 31 December 2019*** |  |  |  |
| Within credit terms | 522,651 |  | 475,970 |
| Overdue: |  |  |  |
| Less than 3 months | 236,243 |  | 179,623 |
| 3-6 months | 169,800 |  | 80,007 |
| 6-12 months | 33,901 |  | 7,177 |
| Over 12 months | 134,242 |  | 134,242 |
| **Total** | **1,096,837** |  | **877,019** |
| *Less* allowance for doubtful accounts | (269,700) |  | (133,529) |
| **Net** | **827,137** |  | **743,490** |

The normal credit term granted by the Group/Company ranges from 1 days to 90 days.

| ***Movement of allowance for expected credit loss of***  ***trade accounts receivables*** | Consolidated  financial statements |  | | Separate  financial statements | |
| --- | --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | |
| At 1 January 2020 | 269,700 |  | 133,529 | |
| Addition | 44,760 |  | 713 | |
| **At 31 December 2020** | **314,460** |  | **134,242** | |

(b.1.2) Cash and cash equivalent and derivatives

The Group’s/Company’s exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with a low credit risk.

(b.1.3) Guarantees

The Group’s/Company’s policy is to provide financial guarantees only for subsidiaries’ liabilities. At 31 December 2020, the Group/Company has issued a guarantee to certain banks in respect of credit facilities granted to subsidiaries *(see note 6).*

***(b.2) Liquidity risk***

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s/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.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | |
|  |  | | Contractual cash flows | | | | | | |
| ***At 31 December 2020*** | Carrying amount |  | 1 year  or less |  | More than 1 year but less than 2 years |  | More than 2 years but less than 5 years |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| ***Non-derivative financial***  ***liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts | 36,888 |  | 36,888 |  | - |  | - |  | 36,888 |
| Short-term loans from  financial institutions | 3,845,124 |  | 3,845,124 |  | - |  | - |  | 3,845,124 |
| Trade payables | 222,818 |  | 222,818 |  | - |  | - |  | 222,818 |
| Short-term loans from related  party | 1,600 |  | 1,600 |  | - |  | - |  | 1,600 |
| Long-term loans from financial  institutions | 1,076,429 |  | 773,000 |  | 303,429 |  | - |  | 1,076,429 |
| Lease liabilities | 56,869 |  | 33,696 |  | 16,323 |  | 9,596 |  | 59,615 |
|  | **5,239,728** |  | **4,913,126** |  | **319,752** |  | **9,596** |  | **5,242,474** |
|  |  |  |  |  |  |  |  |  |  |
| ***Derivative financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contracts |  |  |  |  |  |  |  |  |  |
| * + - Cash outflow | (440) |  | (942,770) |  | - |  | - |  | (942,770) |
| * + - Cash inflow | 20,100 |  | 980,497 |  | - |  | - |  | 980,497 |
|  | **19,660** |  | **37,727** |  | **-** |  | **-** |  | **37,727** |

|  | **Separate financial statements** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | Contractual cash flows | | | | | | |
| ***At 31 December 2020*** | Carrying amount |  | 1 year  or less |  | More than 1 year but less than 2 years |  | More than 2 years but less than 5 years |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| ***Non-derivative financial***  ***liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts | 36,888 |  | 36,888 |  | - |  | - |  | 36,888 |
| Short-term loans from  financial institutions | 3,163,323 |  | 3,163,323 |  | - |  | - |  | 3,163,323 |
| Trade payables | 52,903 |  | 52,903 |  | - |  | - |  | 52,903 |
| Short-term loans from related  party | 47,000 |  | 47,000 |  | - |  | - |  | 47,000 |
| Long-term loans from financial  institutions | 726,250 |  | 720,000 |  | 6,250 |  | - |  | 726,250 |
| Lease liabilities | 32,672 |  | 22,211 |  | 9,256 |  | 2,534 |  | 34,001 |
|  | **4,059,036** |  | **4,042,325** |  | **15,506** |  | **2,534** |  | **4,060,365** |
|  |  | | | | | | | | |
|  |  | | | | | | | | |
|  |  | | | | | | | | |
| ***Derivative financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contracts |  |  |  |  |  |  |  |  |  |
| * + - Cash outflow | (440) |  | (640,091) |  | - |  | - |  | (640,091) |
| * + - Cash inflow | 14,818 |  | 658,422 |  | - |  | - |  | 658,422 |
|  | **14,378** |  | **18,331** |  | **-** |  | **-** |  | **18,331** |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Maturity period | | | | |
| ***At 31 December 2019*** | Effective interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | |
| ***Financial liabilities*** |  |  |  |  |  |  |  |
| Bank overdrafts and short-term  borrowings from financial institutions | 3.0 - 7.4 |  | 3,698,216 |  | - |  | 3,698,216 |
| Short-term loans from related party | 4.0 |  | 3,100 |  | - |  | 3,100 |
| Long-term loans from financial institutions | MLR - 2 |  | 238,600 |  | 942,687 |  | 1,181,287 |
| Lease liabilities | 4.4 - 6.5 |  | 22,127 |  | 32,063 |  | 54,190 |
| **Total** |  |  | **3,962,043** |  | **974,750** |  | **4,936,793** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Maturity period | | | | | |
| ***At 31 December 2019*** | Effective interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | Total | | |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | |
| ***Financial asset*** |  |  |  |  |  |  |  | | |
| Loans receivable - Related parties | **-** |  | 992,933 |  | - |  | 992,933 | | |
| **Total** |  |  | **992,933** |  | **-** |  | **992,933** | | |
|  |  |  |  |  |  |  |  | | |
| ***Financial liabilities*** |  |  |  |  |  |  |  | | |
| Bank overdrafts and short-term  borrowings from financial institutions | 3.0 - 7.4 |  | 2,906,703 |  | - |  | 2,906,703 | | |
| Short-term loans from related party | 3.9 |  | 47,000 |  | - |  | 47,000 | | |
| Long-term loans from financial institutions | MLR - 2 |  | 105,000 |  | 726,250 |  | 831,250 | | |
| Lease liabilities | 4.4 - 6.5 |  | 20,886 |  | 30,216 |  | 51,102 | | |
| **Total** |  |  | **3,079,589** |  | **756,466** |  | **3,836,055** | | |

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

***(c.3) Market risk***

The Group/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 Group/Company does not hold or issue derivatives for speculative or trading purposes.

(c.3.1) Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

|  | **Consolidated financial statements** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | | | | 2019 | | | | | |
| ***Exposure to foreign currency  31 December*** | USD |  | EUR |  | CNY |  | Total |  | USD |  | CNY |  | Total |
|  | *(in million Baht)* | | | | | | | | | | | | |
| Cash and cash equivalents | - |  | - |  | 50 |  | 50 |  | - | - | 45 |  | 45 |
| Trade accounts receivables | 617 |  | - |  | - |  | 617 |  | 509 | - | - |  | 509 |
| Trade payables | (26) |  | - |  | (6) |  | (32) |  | - | - | (3) |  | (3) |
| ***Net statement of financial***  ***Position exposure*** | **591** |  | **-** |  | **44** |  | **635** |  | **509** |  | **42** |  | **551** |
| Forward exchange purchase contracts | 77 |  | - |  | - |  | 77 |  | 26 |  | - |  | 26 |
| Forward exchange selling contracts | (1,046) |  | (7) |  | - |  | (1,053) |  | (573) |  | - |  | (573) |
| **Net exposure** | **(378)** |  | **(7)** |  | **44** |  | **(341)** |  | **(38)** |  | **42** |  | **4** |

(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 Group’s/Company’s operations and its cash flows. The Group/Company is primarily exposed to interest rate risk from its borrowings (*see note 18*). The Group/Company mitigates this risk by ensuring that the majority of borrowings are at fixed interest rates.

1. **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 Group defines as result from operating activities divided by total shareholders’ equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

1. **Commitments with non-related parties**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in million Baht)* | | | | | | |
| ***Capital commitments*** |  |  |  |  |  |  |  |  |
| *Contracted but not provided for*: |  |  |  |  |  |  |  |  |
| Machinery, buildings and construction in  progress |  | 19 |  | 37 |  | - |  | - |
| **Total** |  | **19** |  | **37** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |  |

As at 31 December 2020 and 2019, the Group and the Company had the following commitments:

* + - A subsidiary had outstanding commitments of approximately Baht 18.4 million *(2019: Baht 36.9 million)*, in respect of construction and installation contract of machinery and tools.
    - A subsidiary entered into a service agreement with a legal consultant of the Company in respect of land purchase for rubber plantation in the northern area, whereby service fees will be charged at the rates stipulated in the agreement.
    - The Company entered into purchase agreements with a local company to purchase latex, at quantity and price specified in the agreements.
    - A subsidiary has outstanding commitments in respect of agreements for issuing of land title deeds with total area of 1,500 rais. The subsidiary is committed to pay commission to the operator at Baht 5,650 per rai.
    - A subsidiary had registered with the People's Republic of China to set up a corporate office for a period of 20 years from 9 January 2006 to 8 January 2026.

***Bank guarantees***

As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 14 million and Baht 8 million, respectively *(2019: Baht 16 million and Baht 10 million, respectively)* issued by the banks on behalf of the Group and the Company, respectively, in respect of certain performances obligation as required in the normal course of their businesses.

1. **Events after the reporting period**

***Establishment of a subsidiary***

At the Board of the Directors’ meeting of the Company held on 22 December 2020, the Board approved the establishment of Thai Rubber Gloves Co., Ltd., a subsidiary. The Company invested in 10,000 ordinary shares at Baht 100 per share, totaling to the investment of Baht 1.0 million. As a result, the Company’s interest in the subsidiary is 99.99% of the issued and paid-up share capital. Such company registered the establishment with the Ministry of Commerce on 8 January 2021.

At the Board of Director's meeting of the Company held on 25 February 2021, the Board approved the resolution to increase share capital of such subsidiary by Baht 59 million, from registered share capital of Baht 1 million to registered share capital of Baht 60 million and, at the same date, approved sales of the Company’s certain assets to Thai Rubber Gloves Co., Ltd.

***Accounting guidance on accounting relief***

As disclosed in note 5, the Group/Company has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020.

The COVID-19 pandemic continued subsequent to the expiration of the guidance as increasingly affected cases were found and spread all over Thailand. In response to the situation, Thailand has enacted measures to monitor and control the spread, encouraging people to keep social distancing, avoid crowded gathering and travel less. Meanwhile, according to information from the World Health Organization (WHO), vaccines for COVID-19 have become available and are being rolled out around the world. However, it is still not possible to predict for how long and to what extent the vaccines will provide protection and when the spread will be over.

As the situation is highly uncertain and fluid, it is currently not possible to determine the impact of the continued pandemic, government measures and roll out of the vaccination on the business of the Group/Company. Management is closely monitoring the situation and managing to lessen the impact as much as possible.