

Tipco Foods Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Tipco Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Tipco Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Foods Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Foods Public Company Limited and its subsidiaries and of Tipco Foods Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matters

I draw attention to Note 11.5 to the consolidated financial statements, regarding the compliance with the US State Department's request that the associate wind down its crude oil procurement from Venezuela, in order to avoid a potential US sanction. My conclusion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Investment in associate

The Company has investment in an associate based on the equity method and has share of profit from investment in associate presented in the consolidated financial statements (based on the cost method and has dividend income from associate presented in the separate financial statements). These amounts are significant to the financial statements and have direct effect on profit or loss.

I have inquired the management relating to significant influence on the associate to determine the appropriateness of recording transactions for investment in the associate. I have evaluated the accounting policy and related transactions of such associate. I have also checked the existence of the investment to the share certificates and supporting documents received from the securities company, tested the calculation of fair value of the investment, including its impairment as at the period-end date, and examined the supporting documents for dividend receipts.

Furthermore, I obtained the financial statements which have been audited by the Certified Public Accountant of such associate to test the calculation of share of profit from investment in the associate and tested proportionate interest in value of investment in the associated company. In addition, I determined whether there was adequate disclosure of information of such investment in the associate in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Natthawut Santipet
Certified Public Accountant (Thailand) No. 5730

EY Office Limited
Bangkok: 18 February 2021

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets					
Current assets					
Cash and cash equivalents		55,544,446	41,336,348	15,137,447	15,127,386
Current investment		-	4,995,108	-	-
Trade and other receivables	7, 8	368,818,881	467,172,764	16,484,143	24,968,756
Short-term loans to related parties	7	-	-	412,900,000	269,000,000
Inventories	9	500,542,233	679,465,248	46,137,515	50,918,443
Biological assets		480,000	2,800,000	-	-
Advanced payments	7	29,015,480	12,851,450	2,547,180	3,568,544
Derivative assets	29.1	1,649,450	386,936	-	-
Other current assets		<u>24,459,697</u>	<u>47,505,737</u>	<u>5,565,064</u>	<u>8,755,894</u>
Total current assets		<u>980,510,187</u>	<u>1,256,513,591</u>	<u>498,771,349</u>	<u>372,339,023</u>
Non-current assets					
Investments in subsidiaries	10	-	-	1,478,836,957	1,642,486,907
Investment in associate	11	3,477,058,427	3,145,107,518	644,929,739	644,929,739
Investment property - Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	12	1,910,737,529	2,136,459,223	652,765,760	701,706,302
Intangible assets	13	30,389,476	35,575,530	27,037,043	27,175,598
Deferred tax assets	22	69,420,294	72,902,030	6,194,930	6,755,661
Other non-current assets	7	<u>11,873,551</u>	<u>15,175,467</u>	<u>2,092,101</u>	<u>3,539,971</u>
Total non-current assets		<u>5,506,748,838</u>	<u>5,412,489,329</u>	<u>2,819,126,091</u>	<u>3,033,863,739</u>
Total assets		<u>6,487,259,025</u>	<u>6,669,002,920</u>	<u>3,317,897,440</u>	<u>3,406,202,762</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	14	814,378,606	761,473,861	500,000,000	490,318,437
Trade and other payables	7, 15	429,728,365	605,257,788	22,176,050	43,551,602
Current portion of long-term loans					
from financial institutions	16	266,880,000	411,950,000	190,000,000	231,245,000
Current portion of lease liabilities	7, 17	27,586,779	859,098	7,942,589	859,098
Income tax payable		-	4,470,342	-	-
Derivative liabilities	29.1	163,355	437,016	-	104,815
Other current liabilities		<u>62,662,903</u>	<u>59,559,312</u>	<u>3,777,052</u>	<u>3,627,830</u>
Total current liabilities		<u>1,601,400,008</u>	<u>1,844,007,417</u>	<u>723,895,691</u>	<u>769,706,782</u>
Non-current liabilities					
Long-term loans from financial institutions					
- net of current portion	16	532,563,150	782,500,000	365,000,000	555,000,000
Lease liabilities - net of current portion	7, 17	27,439,376	5,386,014	11,239,662	5,386,014
Provision for dismantling cost		1,200,480	1,070,480	-	-
Provision for long-term employee benefits	18	<u>105,155,533</u>	<u>129,244,324</u>	<u>30,109,508</u>	<u>33,027,913</u>
Total non-current liabilities		<u>666,358,539</u>	<u>918,200,818</u>	<u>406,349,170</u>	<u>593,413,927</u>
Total liabilities		<u>2,267,758,547</u>	<u>2,762,208,235</u>	<u>1,130,244,861</u>	<u>1,363,120,709</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Shareholders' equity					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interests of subsidiary acquired by the Company at price higher than book value		(80,767,243)	(80,767,243)	-	-
Non-controlling interest in subsidiary of the associated company acquired at price lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate		(135,832,635)	(135,832,635)	-	-
Capital reserve for share-based payment transactions of the associate		40,952,590	40,994,182	-	-
Retained earnings					
Appropriated - statutory reserve	19	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		4,147,407,501	3,848,177,059	1,655,072,939	1,510,502,413
Other components of shareholders' equity		<u>(286,333,841)</u>	<u>(299,850,784)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>4,219,500,478</u>	<u>3,906,794,685</u>	<u>2,187,652,579</u>	<u>2,043,082,053</u>
Total liabilities and shareholders' equity		<u>6,487,259,025</u>	<u>6,669,002,920</u>	<u>3,317,897,440</u>	<u>3,406,202,762</u>

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

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Directors
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Tipco Foods Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales		2,500,123,559	3,561,064,263	255,066,768	353,565,577
Dividend income from subsidiaries	10	-	-	38,999,997	19,799,998
Dividend income from associate	11	-	-	517,834,324	258,917,162
Other income	20	75,687,763	125,953,143	46,800,794	81,748,631
Total revenues		2,575,811,322	3,687,017,406	858,701,883	714,031,368
Expenses					
Cost of sales		2,064,387,522	3,178,577,480	173,652,933	244,882,926
Selling and distribution expenses		311,001,624	436,828,614	-	7,549
Administrative expenses		477,038,964	541,720,254	179,440,341	187,366,062
Impairment loss on investments in subsidiaries	10	-	-	163,649,950	122,850,000
Loss on exchange		24,191,743	-	171,489	32,835
Total expenses		2,876,619,853	4,157,126,348	516,914,713	555,139,372
Operating profit (loss)		(300,808,531)	(470,108,942)	341,787,170	158,891,996
Share of profit from investment in associate	11	836,967,622	732,668,446	-	-
Finance income		52,264	69,825	9,451,564	3,798,438
Finance cost		(50,962,001)	(69,945,288)	(32,107,939)	(43,376,092)
Profit before income tax expenses		485,249,354	192,684,041	319,130,795	119,314,342
Income tax benefit (expenses)	22	(3,436,893)	14,983,118	(1,581,444)	3,166,989
Profit for the year		481,812,461	207,667,159	317,549,351	122,481,331
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Share of comprehensive income in associate					
- net of income tax	11	13,516,943	(237,739,028)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	18	(13,686,046)	-	(4,082,852)	-
Other comprehensive income for the year		(169,103)	(237,739,028)	(4,082,852)	-
Total comprehensive income for the year		481,643,358	(30,071,869)	313,466,499	122,481,331

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit attributable to:					
Equity holders of the Company		<u>481,812,461</u>	<u>207,667,159</u>	<u>317,549,351</u>	<u>122,481,331</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>481,643,358</u>	<u>(30,071,869)</u>	<u>313,466,499</u>	<u>122,481,331</u>
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.00</u>	<u>0.43</u>	<u>0.66</u>	<u>0.25</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Non-controlling interests of subsidiary acquired by the Company at price higher than book value	Non-controlling interest in subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	Capital reserve for share-based transactions of the associate	Retained earnings		Other component of shareholder's equity		
						Appropriated - statutory reserve	Unappropriated	Share of comprehensive income in associate	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2019	482,579,640	(80,767,243)	1,494,466	(135,832,635)	41,070,724	50,000,000	3,876,971,449	(62,111,756)	(62,111,756)	4,173,404,645
Profit for the year	-	-	-	-	-	-	207,667,159	-	-	207,667,159
Other comprehensive income for the year	-	-	-	-	-	-	-	(237,739,028)	(237,739,028)	(237,739,028)
Total comprehensive income for the year	-	-	-	-	-	-	207,667,159	(237,739,028)	(237,739,028)	(30,071,869)
Share-based payment transactions of the associate	-	-	-	-	(76,542)	-	-	-	-	(76,542)
Dividend paid (Note 25)	-	-	-	-	-	-	(236,461,549)	-	-	(236,461,549)
Balance as at 31 December 2019	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>40,994,182</u>	<u>50,000,000</u>	<u>3,848,177,059</u>	<u>(299,850,784)</u>	<u>(299,850,784)</u>	<u>3,906,794,685</u>
Balance as at 1 January 2020	482,579,640	(80,767,243)	1,494,466	(135,832,635)	40,994,182	50,000,000	3,848,177,059	(299,850,784)	(299,850,784)	3,906,794,685
Profit for the year	-	-	-	-	-	-	481,812,461	-	-	481,812,461
Other comprehensive income for the year	-	-	-	-	-	-	(13,686,046)	13,516,943	13,516,943	(169,103)
Total comprehensive income for the year	-	-	-	-	-	-	468,126,415	13,516,943	13,516,943	481,643,358
Share-based payment transactions of the associate	-	-	-	-	(41,592)	-	-	-	-	(41,592)
Dividend paid (Note 25)	-	-	-	-	-	-	(168,895,973)	-	-	(168,895,973)
Balance as at 31 December 2020	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>40,952,590</u>	<u>50,000,000</u>	<u>4,147,407,501</u>	<u>(286,333,841)</u>	<u>(286,333,841)</u>	<u>4,219,500,478</u>

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

Tipco Foods Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements			
	Issued and paid-up share capital	Retained earnings		Total shareholders'equity
		Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	482,579,640	50,000,000	1,624,482,631	2,157,062,271
Profit for the year	-	-	122,481,331	122,481,331
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	122,481,331	122,481,331
Dividend paid (Note 25)	-	-	(236,461,549)	(236,461,549)
Balance as at 31 December 2019	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,510,502,413</u>	<u>2,043,082,053</u>
Balance as at 1 January 2020	482,579,640	50,000,000	1,510,502,413	2,043,082,053
Profit for the year	-	-	317,549,351	317,549,351
Other comprehensive income for the year	-	-	(4,082,852)	(4,082,852)
Total comprehensive income for the year	-	-	313,466,499	313,466,499
Dividend paid (Note 25)	-	-	(168,895,973)	(168,895,973)
Balance as at 31 December 2020	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,655,072,939</u>	<u>2,187,652,579</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before income tax	485,249,354	192,684,041	319,130,795	119,314,342
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	381,670,305	347,624,826	71,589,965	64,287,387
Allowance for expected credit losses				
(2019: Reversal of allowance for doubtful accounts)	4,880,868	(587,874)	-	-
Reduction of cost of inventories to net realisable value (reversal)	(16,692,377)	20,229,888	1,189,877	(2,420,391)
Loss from inventory destruction	9,933,203	23,195,067	-	6,409,923
Impairment loss on investments in subsidiaries	-	-	163,649,950	122,850,000
(Gain) loss on changes in fair value of biological assets	2,320,000	(2,140,529)	-	-
Unrealised (gain) loss on exchange	(1,346,876)	(1,064,321)	19,691	7,762
(Gain) loss on changes in fair value of forward exchange contracts	(1,486,094)	290,034	-	-
(Gain) loss on sales and write-off of property, plant and equipment	2,853,375	18,580,110	(730,932)	(195,236)
Loss on sales and write-off of intangible assets	1,149,670	325,178	-	-
Increase (decrease) in provision for dismantling cost	130,000	(1,209,120)	-	-
Provision for long-term employee benefits	15,453,022	38,447,724	6,060,618	9,996,923
Share of profit from investment in associate	(836,967,622)	(732,668,446)	-	-
Dividend income from subsidiaries	-	-	(38,999,997)	(19,799,998)
Dividend income from associate	-	-	(517,834,324)	(258,917,162)
Finance income	(52,264)	(69,825)	(9,451,564)	(3,798,438)
Finance cost	50,962,001	69,945,288	32,107,939	43,376,092
Profit (loss) from operating activities before changes in operating assets and liabilities	98,056,565	(26,417,959)	26,732,018	81,111,204
(Increase) decrease in operating assets				
Trade and other receivables	97,091,250	95,626,653	8,464,922	20,497,416
Inventories	185,682,189	263,584,701	3,591,051	7,065,148
Other current assets	4,356,214	36,157,037	60,139	(2,214,065)
Other non-current assets	3,301,916	(5,243,825)	1,447,870	(450,125)
Increase (decrease) in operating liabilities				
Trade and other payables	(161,971,632)	(177,188,119)	(21,366,058)	(23,231,494)
Other current liabilities	2,770,493	(24,327,822)	148,324	288,167
Cash paid for long-term employee benefits	(55,463,866)	(7,563,541)	(14,082,588)	(2,077,881)
Cash flows from operating activities	173,823,129	154,627,125	4,995,678	80,988,370
Cash paid for interest expenses	(49,962,796)	(68,759,162)	(31,260,189)	(42,168,434)
Cash paid for corporate income tax	(7,167,575)	(15,952,167)	(1,092,534)	-
Cash received for refund of withholding tax	4,220,807	6,107,025	4,220,807	6,107,025
Net cash flows from (used in) operating activities	120,913,565	76,022,821	(23,136,238)	44,926,961

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Decrease (increase) in fixed deposit with maturity over 3 months	4,995,108	(44,211)	-	-
Increase in short-term loans to related parties	-	-	(143,900,000)	(179,000,000)
Cash received from sales of property, plant and equipment	924,554	3,610,886	730,935	216,446
Cash paid for acquisition of property, plant and equipment	(91,425,809)	(198,047,345)	(2,650,206)	(24,142,393)
Cash paid for acquisition of intangible assets	(3,255,916)	(1,418,632)	(542,094)	(18,400)
Dividend received from subsidiaries	-	-	38,999,997	19,799,998
Dividend received from associate	517,834,324	258,917,162	517,834,324	258,917,162
Interest received	52,264	69,825	9,451,564	3,798,438
Net cash flows from investing activities	<u>429,124,525</u>	<u>63,087,685</u>	<u>419,924,520</u>	<u>79,571,251</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	52,904,745	(8,526,139)	9,681,563	250,318,437
Cash paid for lease liabilities	(24,831,914)	(369,145)	(6,318,811)	(369,145)
Cash receipts from long-term loans from financial institutions	18,663,150	406,746,659	-	56,746,659
Repayment of long-term loans from financial institutions	(413,670,000)	(365,000,000)	(231,245,000)	(201,200,000)
Dividend paid	(168,895,973)	(236,461,549)	(168,895,973)	(236,461,549)
Net cash flows used in financing activities	<u>(535,829,992)</u>	<u>(203,610,174)</u>	<u>(396,778,221)</u>	<u>(130,965,598)</u>
Net increase (decrease) in cash and cash equivalents	14,208,098	(64,499,668)	10,061	(6,467,386)
Cash and cash equivalents at beginning of year	41,336,348	105,836,016	15,127,386	21,594,772
Cash and cash equivalents at end of year	<u>55,544,446</u>	<u>41,336,348</u>	<u>15,137,447</u>	<u>15,127,386</u>
Supplemental cash flows information				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	518,619	12,007,725	75,620	13,000
Acquisition of intangible assets for which cash has not been paid	-	1,115,417	-	-
Increase in right-of-use assets due to entering into lease agreements	11,371,315	6,614,257	809,752	6,614,257

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

Tipco Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 General information of the Company

Tipco Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholders of the Company is Supsakorn family. The Company is principally engaged in the manufacture and distribution of mineral water. The registered office of the Company is at 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

1.2 Coronavirus disease 2019 pandemic

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

2. Basis of preparation

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

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and its subsidiaries (“the Group”). The details of subsidiary companies are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			<u>2020</u> (Million Baht)	<u>2019</u> (Million Baht)	<u>2020</u> (Percent)	<u>2019</u> (Percent)
Tipco F&B Company Limited (“TFB”)	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	100.00	100.00
Tipco Retail Company Limited (87.75% owned by the Company and 12.25% owned by TFB)	Retail business	Thailand	200.00	200.00	100.00	100.00
Tipco Biotech Company Limited	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	100.00	100.00
Tipco Pineapple Company Limited	Manufacturing and distribution of canned fruit and fruit juice	Thailand	700.00	700.00	100.00	100.00
TFB Distribution Company Limited* (100% owned by TFB)	Dormant	Thailand	0.25	0.25	100.00	100.00

*Dissolved and in process of liquidation

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3 New financial reporting standards

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entities' business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

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

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

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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

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

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020. During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures for accounting alternatives relating to impairment of assets and not to account for any reduction in lease payments by lessors as a lease modification.

In the fourth quarter of 2020, the Group has assessed the impairment of assets and adjusted the lease modification. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures for accounting alternatives.

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

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The Group has elected to recognise the cumulative effect of changes in accounting policies as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The changes in accounting policies do not have any impact on the beginning balance of retained earnings of 2020, while the impacts to assets and liabilities in the statements of financial position are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	The impacts of			Balance as at 1 January 2020 (restated)
	Balance as at 1 January 2020	Financial reporting standards related		
		to financial instruments	TFRS 16	
Assets				
Current assets				
Current investments	4,995	(4,995)	-	-
Other current financial assets	-	4,995	-	4,995
Non-current assets				
Property, plant and equipment	2,136,459	-	62,242	2,198,701
Liabilities				
Current liabilities				
Current portion of lease liabilities	859	-	23,458	24,317
Non-current liabilities				
Lease liabilities - net of current portion	5,386	-	38,784	44,170

(Unit: Thousand Baht)

Separate financial statements				
	The impacts of			Balance as at 1 January 2020 (restated)
	Balance as at 1 January 2020	Financial reporting standards related		
		to financial instruments	TFRS 16	
Assets				
Non-current assets				
Property, plant and equipment	701,706	-	18,446	720,152
Liabilities				
Current liabilities				
Current portion of lease liabilities	859	-	5,438	6,297
Non-current liabilities				
Lease liabilities - net of current portion	5,386	-	13,008	18,394

4.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
	Financial assets as at 1 January 2020			
Cash and cash equivalents	41,336	-	41,336	41,336
Trade and other receivables	467,173	-	467,173	467,173
Derivative assets	387	387	-	387
Other current financial assets	4,995	-	4,995	4,995
Other current assets	47,506	-	47,506	47,506
Other non-current assets	15,175	-	15,175	15,175
Total financial assets	576,572	387	576,185	576,572

(Unit: Thousand Baht)

	Separate financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
	Financial assets as at 1 January 2020			
Cash and cash equivalents	15,127	-	15,127	15,127
Trade and other receivables	24,969	-	24,969	24,969
Short-term loans to related parties	269,000	-	269,000	269,000
Other current assets	8,756	-	8,756	8,756
Other non-current assets	3,540	-	3,540	3,540
Total financial assets	321,392	-	321,392	321,392

As at 1 January 2020, the Group has not designated any financial liabilities to be measured at fair value through profit or loss except derivative liabilities of which fair value is Baht 0.4 million (Separate financial statements: Baht 0.1 million).

4.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Operating lease commitments as at		
31 December 2019	92,426	47,426
Less: Short-term leases and leases of low-value assets	(15,629)	(13,391)
Add: Option to extend lease term	25,753	4,412
Less: Contracts reassessed as service agreements	(38,619)	(19,492)
Less: Deferred interest expenses	(1,689)	(509)
Increase in lease liabilities due to TFRS 16 adoption	62,242	18,446
Liabilities under finance lease agreements as at		
31 December 2019	6,245	6,245
Lease liabilities as at 1 January 2020	<u>68,487</u>	<u>24,691</u>
Weighted average incremental borrowing rate		
(percent per annum)	2.16	3.15
Comprise of:		
Current lease liabilities	24,317	6,297
Non-current lease liabilities	44,170	18,394
	<u>68,487</u>	<u>24,691</u>

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

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

Finance cost

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Inventories

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

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

5.4 Agriculture

The biological asset of a subsidiary is unharvested pineapple fruit and agricultural produce is harvested pineapple fruit which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of pineapple fruit is determined reference to fair value less estimated point-of-harvest costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

5.5 Investments in subsidiaries and associate

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

5.6 Investment property - Land awaiting sale

Investment property - Land awaiting sale are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property are stated at cost less allowance for loss on impairment (if any).

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.7 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment, and bearer plant are calculated by reference to their costs, on the straight-line basis over the following estimated useful lives and accordance with the estimated production capacity of machinery and estimated harvest capacity as follows:

Land development	10 years
Buildings and complement	10 to 25 years
Machinery and equipment	10 to 20 years and estimated production capacity
Tools and equipment	5 to 20 years
Furniture and office equipment	3 to 10 years
Motor vehicles	5 to 10 years
Bearer plant	Estimated harvest capacity

An initial estimate of the costs of dismantling and removing of the item and restoring the site, when the Group has obligation to do, have been included in cost of property, plant and equipment.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

5.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

	<u>Useful lives</u>
Computer software	3 to 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

5.9 Leases

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

The Group as a lessee

Accounting policies adopted since 1 January 2020

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

Right-of-use assets

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

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

Land	3 years
Building spaces	3 to 5 years
Tools and equipment	3 years
Motor vehicles	3 to 5 years

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

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

5.10 Related party transactions

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

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

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

5.12 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

5.14 Provisions

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

5.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

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

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Offsetting of financial instruments

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

Accounting policies adopted before 1 January 2020

Trade and other receivables

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

5.17 Derivatives

The Group uses derivatives, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

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

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

Hedge accounting for cash flow hedges of the associate

The effective portion of the gain or loss on the hedging instrument (commodity forward contracts) is recognised in other comprehensive income in the cash flow hedge reserve and later reclassified to profit or loss when the hedged cash flows affect profit or loss or no longer exist.

The associate prepares formal documentation on the date that hedge accounting is applied, and provides regular updates regarding the risk management objectives and strategies and the relationships between the hedging instruments and hedged items, including the nature of the risks being hedged, how the associate assesses the hedge effectiveness, analysis of the causes of hedge ineffectiveness and how the hedge ratio is determined.

The associate considers hedging effective when all of the following requirements are met.

- There is an economic relationship between hedged items and hedging instruments.
- Counterparty credit risk is not a significant factor in the change in the fair value of hedging instruments and hedged items.
- The ratio of the quantity of hedging instruments to the quantity of hedged items is equal to the hedge ratio.

5.18 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance of diminution in value of inventory

In determining allowance for diminution in the value of inventory, the management exercises judgment in estimating the net realisable value of inventory based on the amount the inventories are expected to realise. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

Allowance for impairment loss on investments in subsidiaries

The Company treats investments in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	254	352	Cost plus certain margin
Management income	-	-	40	71	As agreed
Interest income	-	-	9	4	2.3 - 3.7 percent per annum
Dividend income	-	-	39	20	Announced rate
<u>Transactions with associated company</u>					
Sales of goods	3	2	-	-	Market price
Service expenses	-	1	-	-	As agreed
Dividend income	-	-	518	259	Announced rate
<u>Transactions with related companies</u>					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	37	42	12	17	As agreed

As at 31 December 2020 and 2019, the balances of the accounts between the Company, subsidiaries and those related companies were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	16,263	23,110
Associate	1,104	1,191	86	61
Related companies (common shareholders and directors)	701	774	-	-
Total trade and other receivables - related parties	1,805	1,965	16,349	23,171
<u>Prepaid expenses - related parties</u>				
Related companies (common shareholders and directors)	312	272	130	121
Total prepaid expenses - related parties	312	272	130	121
<u>Retentions - related parties</u>				
Related companies (common shareholders and directors)	7,166	9,703	1,961	3,409
Total retentions - related parties	7,166	9,703	1,961	3,409
<u>Trade and other payables - related parties</u> (Note 15)				
Subsidiaries	-	-	35	109
Associate	503	633	420	144
Related companies (common shareholders and directors)	1,190	1,554	286	171
Total trade and other payables - related parties	1,693	2,187	741	424
<u>Lease liabilities - related parties</u>				
Related companies (common shareholders and directors)	28,055	-	10,774	-
Total lease liabilities - related parties	28,055	-	10,774	-

Short-term loans to related parties

As at 31 December 2020 and 2019, the balances of short-term loans to related parties and the movements were as follows:

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at 31 December 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2020
Short-term loans	Related by				
Tipco Pineapple Co., Ltd.	Subsidiary	217,000	291,000	(203,000)	305,000
Tipco Biotech Co., Ltd.	Subsidiary	37,000	56,900	(21,000)	72,900
Tipco Retail Co., Ltd.	Subsidiary	15,000	35,000	(15,000)	35,000
Total		<u>269,000</u>	<u>382,900</u>	<u>(239,000)</u>	<u>412,900</u>

Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	29	40	29	28
Post-employment benefits	2	2	2	2
Total	<u>31</u>	<u>42</u>	<u>31</u>	<u>30</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 14 and 16 to the financial statements.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	1,238	1,686	12,456	16,250
Past due				
Up to 3 months	33	218	-	-
Total trade receivables - related parties	<u>1,271</u>	<u>1,904</u>	<u>12,456</u>	<u>16,250</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	272,778	285,497	-	-
Past due				
Up to 3 months	27,331	91,786	-	-
3 - 6 months	1,052	5	-	-
6 - 12 months	2	-	-	-
Over 12 months	2,579	503	-	-
Total	<u>303,742</u>	<u>377,791</u>	<u>-</u>	<u>-</u>
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful				
accounts)	<u>(5,180)</u>	<u>(299)</u>	<u>-</u>	<u>-</u>
Total trade receivables - unrelated parties, net	<u>298,562</u>	<u>377,492</u>	<u>-</u>	<u>-</u>
Total trade receivables - net	<u>299,833</u>	<u>379,396</u>	<u>12,456</u>	<u>16,250</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 7)	534	61	3,893	6,921
Amounts due from unrelated parties	67,733	86,846	51	1,691
Advance to employees	564	300	84	79
Accrued income	155	570	-	28
Total other receivables	<u>68,986</u>	<u>87,777</u>	<u>4,028</u>	<u>8,719</u>
Trade and other receivables - net	<u>368,819</u>	<u>467,173</u>	<u>16,484</u>	<u>24,969</u>

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	299	-
Provision for expected credit losses	4,881	-
Balance as at 31 December 2020	<u>5,180</u>	<u>-</u>

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	259,644	437,295	(34,210)	(49,757)	225,434	387,538
Work in process	9,168	5,603	(79)	(360)	9,089	5,243
Raw materials	201,387	210,555	(7,976)	(8,168)	193,411	202,387
Spare parts and factory supplies	56,266	57,973	(598)	(1,270)	55,668	56,703
Goods in transit	16,940	27,594	-	-	16,940	27,594
Total	<u>543,405</u>	<u>739,020</u>	<u>(42,863)</u>	<u>(59,555)</u>	<u>500,542</u>	<u>679,465</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	2,740	5,733	-	(153)	2,740	5,580
Work in process	4,529	3,181	-	-	4,529	3,181
Raw materials	7,254	10,965	(1,798)	(455)	5,456	10,510
Spare parts and factory supplies	31,937	31,685	(37)	(38)	31,900	31,647
Goods in transit	1,513	-	-	-	1,513	-
Total	<u>47,973</u>	<u>51,564</u>	<u>(1,835)</u>	<u>(646)</u>	<u>46,138</u>	<u>50,918</u>

Movements in the reduction of cost to net realisable value of inventories account during the years ended 31 December 2020 and 2019 were summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	59,555	39,325	646	3,066
Add: Additions during the year	125,854	135,866	2,703	10,451
Less: Reversals during the year	(142,546)	(115,636)	(1,514)	(12,871)
Balance at end of year	<u>42,863</u>	<u>59,555</u>	<u>1,835</u>	<u>646</u>

10. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2020</u>	<u>2019</u>
Tipco F&B Company Limited	729,050	729,050
Tipco Retail Company Limited	175,500	175,500
Tipco Biotech Company Limited	160,787	160,787
Tipco Pineapple Company Limited	700,000	700,000
Total	1,765,337	1,765,337
Less: Allowance for impairment loss on investments in subsidiaries	(286,500)	(122,850)
Investments in subsidiaries - net	<u>1,478,837</u>	<u>1,642,487</u>

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

During the years, the Company received dividends from the following subsidiary:

Company's name	(Unit: Thousand Baht)	
	For the year ended 31 December	
	<u>2020</u>	<u>2019</u>
Tipco F&B Company Limited	39,000	19,800

On 17 July 2020, TFB Distribution Co., Ltd., the subsidiary company of Tipco F&B Co., Ltd., registered its dissolution with the Ministry of Commerce and is in the process of liquidation.

During the current year, the Company recorded allowance for impairment loss on investments in Tipco Retail Co., Ltd. and Tipco Pineapple Co., Ltd. of Baht 53 million and Baht 111 million, respectively. In 2019, the Company recorded allowance for impairment loss on investment in Tipco Retail Co., Ltd. of Baht 123 million.

11. Investment in associate

The Company has investment in an associate, Tipco Asphalt Public Company Limited, which incorporate in Thailand and engaged in the manufacture and distribution of asphalt and petroleum products. The shareholding percentage of the Company as at 31 December 2020 and 2019 are 23.4345 and 23.4583 percent, respectively.

11.1 Details of associate:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	3,477,058	3,145,108	-	-

11.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Share of profit from investment in associate				
during the year	836,968	732,668	-	-
Share of other comprehensive income from				
investment in associate during the year	13,517	(237,739)	-	-
Dividend received during the year	-	-	517,834	258,917

11.3 Fair value investment in listed associate

The fair value of investment in Tipco Asphalt Public Company Limited which is a listed company on the Stock Exchange of Thailand as at 31 December 2020 and 2019 are Baht 6,473 million and Baht 7,841 million, respectively.

11.4 Summarised financial information about associate

Summarised information about financial position as at 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Current assets	11,114	15,162
Non-current assets	10,220	10,100
Current liabilities	5,918	11,473
Non-current liabilities	395	211

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Revenue	26,355	37,480
Profit for the year	3,597	3,146
Other comprehensive income	62	(1,029)
Total comprehensive income	3,659	2,117

11.5 Winding down of crude oil procurement from Venezuela

In January 2019, the United States announced and imposed sanction on a Venezuelan oil company that has been the key source of crude oil that the associate used as a raw material for the production of about half of all asphalt product volume sold each year. The associate approached two law firms to seek advice on the implication of this sanction in respect of its crude oil purchases and payments. Both law firms opined that the transactions were not in violation of any applicable laws related to the sanction. The associate therefore continued to operate business as usual.

In September 2020, the US State Department requested the associate to wind down crude oil procurement from Venezuela. In order to avoid a potential US sanction, the associate complied with the request and informed the US State Department in writing that the associate would cease purchasing crude oil from this source, effective by the end of November 2020. Currently, the associate already ceased its purchasing crude oil from this source.

The associate notified the Stock Exchange of Thailand of these facts on 11 September 2020, 15 September 2020 and 23 November 2020, together with the associate's plans to mitigate the risk arising from the disruption of its normal source of crude supply by considering plans to procure non-Venezuelan crude oil from other sources or to procure asphalt from other sources.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements										
	Land and development	Buildings and complement	Machinery and equipment	Tools and equipment	Right-of-use assets				Assets under installation	Total	
					Land	Building spaces	Tools and equipment	Others			Others
Cost											
1 January 2019	332,167	1,508,810	2,567,845	304,025	-	-	-	-	259,301	34,090	5,006,238
Additions	-	-	310	8,140	-	-	-	-	81,037	107,149	196,636
Disposals/write-off	-	(1,795)	(7,312)	(45,520)	-	-	-	-	(11,793)	-	(66,420)
Transfer in (transfer out)	-	23,908	54,875	50,062	-	-	-	-	692	(129,537)	-
31 December 2019	332,167	1,530,923	2,615,718	316,707	-	-	-	-	329,237	11,702	5,136,454
Effect of TFRS 16 adoption	-	-	-	-	2,131	42,468	12,555	12,440	(7,352)	-	62,242
Additions	-	-	3,089	4,488	-	8,984	904	1,483	51,615	20,744	91,307
Disposals/write-off	-	(425)	(3,017)	(11,056)	-	-	-	-	(81,783)	-	(96,281)
Transfer in (transfer out)	-	5,275	18,810	1,428	-	-	-	-	123	(25,636)	-
31 December 2020	332,167	1,535,773	2,634,600	311,567	2,131	51,452	13,459	13,923	291,840	6,810	5,193,722
Accumulated depreciation											
1 January 2019	32,148	731,974	1,332,145	217,725	-	-	-	-	210,295	-	2,524,287
Depreciation for the year	3,940	67,609	196,183	28,522	-	-	-	-	29,015	-	325,269
Depreciation on disposals/write-off	-	(865)	(7,104)	(25,023)	-	-	-	-	(11,069)	-	(44,061)
31 December 2019	36,088	798,718	1,521,224	221,224	-	-	-	-	228,241	-	2,805,495
Effect of TFRS 16 adoption	-	-	-	-	-	-	-	585	(585)	-	-
Depreciation for the year	3,630	68,180	199,540	29,952	533	16,436	5,991	3,930	47,301	-	375,493
Depreciation on disposals/write-off	-	(381)	(2,976)	(10,198)	-	-	-	-	(78,949)	-	(92,504)
31 December 2020	39,718	866,517	1,717,788	240,978	533	16,436	5,991	4,515	196,008	-	3,088,484

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Land and land development	Buildings and complement	Machinery and equipment	Tools and equipment	Right-of-use assets				Assets under installation	Total
					Land	Building spaces	Tools and equipment	Others		
Allowance for impairment loss										
1 January 2019	-	-	194,668	-	-	-	-	-	-	194,668
Decrease from disposals	-	-	(168)	-	-	-	-	-	-	(168)
31 December 2019	-	-	194,500	-	-	-	-	-	-	194,500
31 December 2020	-	-	194,500	-	-	-	-	-	-	194,500
Net book value										
31 December 2019	296,079	732,205	899,994	95,483	-	-	-	100,996	11,702	2,136,459
31 December 2020	292,449	669,256	722,312	70,589	1,598	35,016	7,468	95,832	6,810	1,910,738
Depreciation for the year										
2019 (Baht 195 million included in manufacturing cost, and the balance in selling and administrative expenses)										325,269
2020 (Baht 227 million included in manufacturing cost, and the balance in selling and administrative expenses)										375,493

(Unit: Thousand Baht)

	Separate financial statements									
	Land and land development	Buildings and complement	Machinery and equipment	Tools and equipment	Right-of-use assets			Assets under installation	Total	
					Building spaces	Tools and equipment	Others			
Cost										
1 January 2019	123,627	390,037	357,517	33,899	-	-	-	32,839	17,925	955,844
Additions	-	-	-	1,309	-	-	-	8,009	11,468	20,786
Disposals	-	-	(231)	(59)	-	-	-	(2,085)	-	(2,375)
Transfer in (transfer out)	-	800	15,400	12,203	-	-	-	327	(28,730)	-
31 December 2019	123,627	390,837	372,686	47,352	-	-	-	39,090	663	974,255
Effect of TFRS 16 adoption	-	-	-	-	15,119	2,745	7,934	(7,352)	-	18,446
Additions	-	-	-	334	-	-	810	25	2,354	3,523
Disposals	-	-	-	-	-	-	-	(5,235)	-	(5,235)
Transfer in (transfer out)	-	636	683	552	-	-	-	123	(1,994)	-
31 December 2020	123,627	391,473	373,369	48,238	15,119	2,745	8,744	26,651	1,023	990,989
Accumulated depreciation										
1 January 2019	3	54,047	105,116	23,885	-	-	-	30,400	-	213,451
Depreciation for the year	6	20,048	34,583	5,073	-	-	-	1,516	-	61,226
Depreciation on disposals	-	-	(63)	(59)	-	-	-	(2,063)	-	(2,185)
31 December 2019	9	74,095	139,636	28,899	-	-	-	29,853	-	272,492
Effect of TFRS 16 adoption	-	-	-	-	-	-	585	(585)	-	-
Depreciation for the year	6	20,033	35,990	5,967	5,045	1,349	1,658	861	-	70,909
Depreciation on disposals	-	-	-	-	-	-	-	(5,235)	-	(5,235)
31 December 2020	15	94,128	175,626	34,866	5,045	1,349	2,243	24,894	-	338,166

(Unit: Thousand Baht)

Separate financial statements (continued)

	Land and land development	Buildings and complement	Machinery and equipment	Tools and equipment	Right-of-use assets			Assets under installation	Total
					Building spaces	Tools and equipment	Others		
Allowance for impairment loss									
1 January 2019	-	-	225	-	-	-	-	-	225
Decrease from disposals	-	-	(168)	-	-	-	-	-	(168)
31 December 2019	-	-	57	-	-	-	-	-	57
31 December 2020	-	-	57	-	-	-	-	-	57
Net book value									
31 December 2019	123,618	316,742	232,993	18,453	-	-	9,237	663	701,706
31 December 2020	123,612	297,345	197,686	13,372	10,074	1,396	1,757	1,023	652,766
Depreciation for the year									
2019 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)									61,226
2020 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)									70,909

As at 31 December 2020, certain items of plant, machinery and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,868 million (2019: Baht 1,763 million) (The Company only: Baht 89 million, 2019: Baht 77 million).

The Group has pledged its property, plant and equipment as collateral against credit facilities received from financial institutions. The net book value of these assets as at 31 December 2020 and 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	104	104	17	17
Buildings and complement	337	369	260	274
Machinery and equipment	53	71	-	-

13. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2019	26,051	88,173	3,247	117,471
Additions	-	-	2,064	2,064
Disposals/write-off	-	(561)	-	(561)
Transfer in (transfer out)	-	1,994	(1,994)	-
31 December 2019	26,051	89,606	3,317	118,974
Additions	-	2,141	-	2,141
Disposals/write-off	-	(1,490)	(1,151)	(2,641)
31 December 2020	26,051	90,257	2,166	118,474

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Trade mark	Computer software	Computer software in progress	Total
Accumulated amortisation				
1 January 2019	-	61,278	-	61,278
Amortisation for the year	-	22,356	-	22,356
Amortisation on disposals/ write-off	-	(236)	-	(236)
31 December 2019	-	83,398	-	83,398
Amortisation for the year	-	6,177	-	6,177
Amortisation on disposals/ write-off	-	(1,490)	-	(1,490)
31 December 2020	-	88,085	-	88,085
Net book value				
31 December 2019	26,051	6,208	3,317	35,576
31 December 2020	26,051	2,172	2,166	30,389

(Unit: Thousand Baht)

Separate financial statements

	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2019	26,463	24,706	18	51,187
Transfer in (transfer out)	-	18	(18)	-
31 December 2019	26,463	24,724	-	51,187
Transfer in (transfer out)	-	542	-	542
31 December 2020	26,463	25,266	-	51,729
Accumulated amortisation				
1 January 2019	-	20,950	-	20,950
Amortisation for the year	-	3,061	-	3,061
31 December 2019	-	24,011	-	24,011
Amortisation for the year	-	681	-	681
31 December 2020	-	24,692	-	24,692
Net book value				
31 December 2019	26,463	713	-	27,176
31 December 2020	26,463	574	-	27,037

14. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bank overdrafts	MOR+0.5	4,379	1,474	-	318
Short-term loans from financial institutions	1.89 - 2.90	810,000	760,000	500,000	490,000
Total		<u>814,379</u>	<u>761,474</u>	<u>500,000</u>	<u>490,318</u>

The subsidiaries' bank overdrafts and short-term loans from financial institutions are secured by the Company.

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - related parties (Note 7)	-	-	30	104
Trade payables - unrelated parties	148,534	200,251	6,869	9,418
Other payables - related parties (Note 7)	1,693	2,187	711	320
Other payables - unrelated parties	43,308	53,078	5,969	5,353
Accounts payable from sale promotions	180,546	223,650	-	-
Accrued expenses	55,647	126,092	8,597	28,357
Total trade and other payables	<u>429,728</u>	<u>605,258</u>	<u>22,176</u>	<u>43,552</u>

16. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
1	THBFIX + 1.95	Quarterly installments as stipulated in the agreement, and the final installment is due in November 2023	300,000	400,000	300,000	400,000
2	THBFIX + 2.40	Quarterly installments as stipulated in the agreement, and the final installment is due in December 2020	-	151,950	-	41,245
3	THBFIX + 2.50	Quarterly installments as stipulated in the agreement, and the final installment is due in November 2023	255,000	345,000	255,000	345,000
4	THBFIX + 2.35	Quarterly installments as stipulated in the agreement, and the final installment is due in February 2024	227,500	297,500	-	-
5	MLR - 2.20	Quarterly installments as stipulated in the agreement, and the final installment is due in June 2025	16,943	-	-	-
Total			<u>799,443</u>	<u>1,194,450</u>	<u>555,000</u>	<u>786,245</u>
Less: Current portion			<u>(266,880)</u>	<u>(411,950)</u>	<u>(190,000)</u>	<u>(231,245)</u>
Long-term loans from financial institutions - net of current portion			<u><u>532,563</u></u>	<u><u>782,500</u></u>	<u><u>365,000</u></u>	<u><u>555,000</u></u>

In July 2020, a subsidiary entered into a loan agreement with a local bank for credit facility of Baht 31 million, with a term of 5 years, to acquisition of machinery for production of extracts from pineapple skins and dried black galingale. As at 31 December 2020, the subsidiary drew down such loan of Baht 19 million. Such loan is secured by the Company.

Movements in the long-term loans account during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	1,194,450	786,245
Add: Additional borrowings during the year	18,663	-
Less: Repayment during the year	(413,670)	(231,245)
Balance as at 31 December 2020	<u>799,443</u>	<u>555,000</u>

As at 31 December 2020, the long-term credit facilities of the Group which has not yet been drawn down amounted to Baht 12 million (2019: Baht 57 million).

Loan covenants

The loans are secured by the mortgage of certain land, buildings machinery and equipment of the Group.

The loan agreements of the Group contain certain restrictive covenants pertaining to, among others things, the maintenance of debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements and the prohibition from creating lien over related assets.

Interest rate swap agreement

As at 31 December 2019, the Company had an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed interest rate at 3.95 percent per annum, and the outstanding notional amount was Baht 41 million. As at 31 December 2020, the interest rate swap agreement was expired.

17. Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Lease payments	56,975	7,398	20,450	7,398
Less: Deferred interest expenses	(1,949)	(1,153)	(1,267)	(1,153)
Total lease liabilities	55,026	6,245	19,183	6,245
Less: Portion due within one year	(27,587)	(859)	(7,943)	(859)
Lease liabilities - net of current portion	<u>27,439</u>	<u>5,386</u>	<u>11,240</u>	<u>5,386</u>

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 5 years.

A maturity analysis of lease payments is disclosed in Note 29.2 to the financial statements under the liquidity risk.

Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation of right-of-use assets	26,890	8,052
Interest expenses on lease liabilities	1,516	693
Expenses relating to short-term leases	2,230	240
Expenses relating to leases of low-value assets	14,037	8,662
Expenses relating to variable lease payments	203	-

The Group has lease contracts for building spaces that contains variable payments based on sales. The lease term is 1 - 3 years.

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 41 million (The Company only: Baht 15 million), including the cash outflow related to short-term leases and leases of low-value assets. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 11 million (The Company only: Baht 1 million).

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits				
at beginning of year	129,244	98,360	33,028	25,109
Included in profit or loss:				
Current service cost	13,455	11,559	5,491	3,958
Interest cost	1,998	3,020	570	739
Past service costs and gains or losses on settlement	-	23,869	-	5,300
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	10,282	-	3,329	-
Experience adjustments	5,641	-	1,775	-
Benefits paid during the year	(55,464)	(7,564)	(14,083)	(2,078)
Provision for long-term employee benefits				
at end of year	<u>105,156</u>	<u>129,244</u>	<u>30,110</u>	<u>33,028</u>

The Group expects to pay Baht 6 million of long-term employee benefits during the next year (The Company only: Baht 4 million) (2019: Baht 8 million, The Company only: Baht 2 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 9 years (The Company only: 9 years) (2019: 9 years, The Company only: 9 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated/Separate financial statements	
	2020	2019
Discount rate	1.5	2.5
Salary increase rate	1.5 - 5.0	3.0 - 5.0
Turnover rate	0.0 - 50.0	0.0 - 50.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below.

(Unit: Million Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(6)	7	(2)	2
Salary increase rate	7	(7)	2	(2)

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5)	6	(1)	1
Salary increase rate	7	(6)	2	(2)

19. Statutory reserve

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

20. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Reversal of provision for sale promotions	25,387	48,089	-	-
Management income	-	-	40,472	70,902
Gain on exchange	-	9,714	-	-
Others	50,301	68,150	6,329	10,847
Total	75,688	125,953	46,801	81,749

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salaries, wages and other employee benefits	532,365	745,162	136,490	150,736
Depreciation	375,493	303,079	70,909	61,226
Amortisation expenses	6,177	22,356	681	3,061
Loss on exchange	24,192	-	171	33
Impairment loss on investments in subsidiaries	-	-	163,650	122,850
Finance cost	50,962	69,945	32,108	43,376
Costs related to production of goods and services (excluding of staff cost and depreciation)	1,147,918	2,130,094	110,141	204,045

22. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	-	10,540	-	-
Adjustment in respect of income tax of previous year	(2,281)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	5,718	(25,523)	1,581	(3,167)
Income tax expenses (benefit) reported in profit or loss	3,437	(14,983)	1,581	(3,167)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	(2,236)	-	(1,021)	-

The reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	485,249	192,684	319,131	119,314
Income tax at Thai corporate income tax rate of 20%	97,050	38,537	63,826	23,863
Adjustment in respect of income tax of previous year	(2,281)	-	-	-
Effects of:				
Non-deductible expenses	6,431	13,498	32,923	25,029
Additional expenses deductions allowed	(13,954)	(1,944)	(133)	(211)
Exemption of income	-	(443)	(111,367)	(55,743)
Share of profit from investment in associate	(167,262)	(146,534)	-	-
Unused tax loss	51,913	83,788	15,616	5,957
Effect of the change in depreciation method for tax purpose	30,747	-	-	-
Others	793	(1,885)	716	(2,062)
Total	(91,332)	(53,520)	(62,245)	(27,030)
Income tax expenses (benefit) reported in profit or loss	3,437	(14,983)	1,581	(3,167)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax assets				
Allowance for expected credit losses	715	-	-	-
Allowance for diminution in value				
of inventories	2,761	1,214	367	129
Values of property, plant and equipment	47,634	63,270	-	-
Provision for long-term employee benefits	11,506	13,143	6,022	6,606
Unused tax loss	13,188	-	-	-
Others	4,227	5,722	-	21
Total	<u>80,031</u>	<u>83,349</u>	<u>6,389</u>	<u>6,756</u>
Deferred tax liabilities				
Values of property, plant and equipment	(10,349)	(10,347)	-	-
Others	(262)	(100)	(194)	-
Total	<u>(10,611)</u>	<u>(10,447)</u>	<u>(194)</u>	<u>-</u>
Deferred tax assets - net	<u>69,420</u>	<u>72,902</u>	<u>6,195</u>	<u>6,756</u>

As at 31 December 2020, the Group has deductible temporary differences and unused tax losses totaling Baht 995 million (2019: Baht 821 million) (The Company only: Baht 136 million, 2019: Baht 120 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by 2025.

23. Earnings per share

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

24. Segment information

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

The following tables present revenue and profit information regarding operating segments of the Group for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

	Products of		Beverage		Others		Consolidation	
	vegetable & fruit							
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues from sales of goods	834	1,418	1,648	2,107	18	36	2,500	3,561
Gross profit (loss)	79	(137)	361	529	(5)	(9)	435	383
Other income							76	116
Selling and distribution expenses							(311)	(437)
Administrative expenses and other expenses							(477)	(542)
Gain (loss) on exchange							(24)	10
Operating loss							(301)	(470)
Share of profit from investment in associate							837	733
Finance cost							(51)	(70)
Profit before income tax expenses							485	193
Income tax benefit (expenses)							(3)	15
Profit for the year							482	208

Geographic segment information for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)					
	Domestic sales		Export sales		Consolidation	
	2020	2019	2020	2019	2020	2019
Revenues from the sales of goods	1,381	1,930	1,119	1,631	2,500	3,561
Gross profit (loss)	268	483	167	(100)	435	383

Major customers

For the year 2020, the Group has revenues from one major customer in amount of Baht 1,588 million, arising from sales by the beverage segment (2019: Baht 1,663 million and Baht 579 million derived from two major customers, arising from the same segment).

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2018	Annual General Meeting of the shareholders on 4 April 2019	120.7	0.25
Interim dividends for 2019	Board of Directors' meeting on 14 August 2019	115.8	0.24
Total dividends for the year 2019		236.5	0.49
Final dividends for 2019	Annual General Meeting of the shareholders on 3 April 2020	48.3	0.10
Interim dividends for 2020	Board of Directors' meeting on 18 August 2020	120.6	0.25
Total dividends for the year 2020		168.9	0.35

26. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributes to the fund monthly at the rate of 5 percent of basic salary and its employees contribute to the fund monthly at the rates of 5 - 15 percent of basic salary. The fund, which is managed by K-Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The Group's contributions for the year 2020 amounting to approximately Baht 15 million (2019: Baht 17 million) were recognised as expenses (The Company only: Baht 4 million, 2019: Baht 4 million).

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2020 and 2019, the Group had outstanding capital commitments relating to the purchases of machinery and equipment and computer software as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Baht	10	9	1	-

27.2 Lease and service commitments

The Group has entered into several agreements in respect of the lease of office equipment, which is short-term leases or leases of low-value assets, and other service agreements.

As at 31 December 2020 and 2019, future minimum rental and service fees payable under these agreements are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Payable within:				
1 year	28	38	11	21
2 to 5 years	7	16	1	12

27.3 Guarantees

As at 31 December 2020 and 2019, the outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bank guarantees	15	17	7	7

28. Fair value of financial instruments

As at 31 December 2020 and 2019, the assets and liabilities of the Group that were measured at fair value are derivatives and assets for which fair value are disclosed is investment property. The level in determining the fair value of such assets and liabilities is level 2. The fair value of such assets and liabilities are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Financial assets measured at fair value				
Forward exchange contracts	1,649	387	-	-
Financial liabilities measured at fair value				
Forward exchange contracts	163	332	-	-
Interest rate swap contract	-	105	-	105
Assets for which fair value are disclosed				
Investment property	7,500	7,500	7,500	7,500

29. Financial instruments

29.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Derivative assets				
<i>Derivative assets not designated as hedging instruments</i>				
Foreign exchange forward contracts	1,649	387	-	-
Total derivative assets	<u>1,649</u>	<u>387</u>	<u>-</u>	<u>-</u>
Derivative liabilities				
<i>Derivatives liabilities not designated as hedging instruments</i>				
Foreign exchange forward contracts	163	332	-	-
Interest rate swap contract	-	105	-	105
Total derivative liabilities	<u>163</u>	<u>437</u>	<u>-</u>	<u>105</u>

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally within one year.

28.2 Financial risk management objectives and policies

The Group's financial instruments—principally comprise cash and cash equivalents, trade receivables, loans, investments and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Trade receivables and loans

The Group manages the risk by adopting appropriate credit control policies and procedures, and outstanding trade receivables and loans are regularly monitored. The Group therefore does not expect to incur material financial losses. In addition, the Group does not have concentrations of credit risk since it has a large customer base.

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

Cash at banks

The Group manages the credit risk from balances with banks by making investments only with approved counterparties. The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprises currency risk and interest rate risk. The Group enters into derivative financial instruments to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods;
- interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risk

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

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2.9	2.3	0.8	1.1	30.04	30.15
Euro	1.0	0.7	0.2	0.2	36.88	33.73

The Group had outstanding forward exchange contracts which maturity date within one year were summarised below.

Foreign currency	As at 31 December 2020					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	3.8	-	-	-	29.88 - 31.43	-
Euro	0.4	-	-	-	36.96 - 37.09	-

Foreign currency	As at 31 December 2019					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	9.0	-	-	-	29.96 - 33.50	-
Euro	0.3	-	-	-	33.50	-

Foreign currency sensitivity analysis

The Group expects that there is no effect to be significantly impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its short-term and long-term loans from financial institutions. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2020						
Fixed interest rates						Effective interest rate (% per annum)
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total		
Financial assets						
Cash and cash equivalents	-	-	2	54	56	0.10 - 1.00
Trade and other receivables	-	-	-	369	369	-
	-	-	2	423	425	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	814	-	-	-	814	1.89 - 6.95
Trade and other payables	-	-	-	430	430	-
Long-term loans from financial institutions	-	-	799	-	799	Note 16
Lease liabilities	28	27	-	-	55	0.71 - 8.76
	842	27	799	430	2,098	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2019

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	-	-	3	38	41	0.10 - 1.00
Current investment	5	-	-	-	5	0.90
Trade and other receivables	-	-	-	467	467	-
	<u>5</u>	<u>-</u>	<u>3</u>	<u>505</u>	<u>513</u>	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	761	-	-	-	761	2.00 - 6.95
Trade and other payables	-	-	-	605	605	-
Long-term loans from financial institutions	-	-	1,194	-	1,194	Note 16
Lease liabilities	1	5	-	-	6	7.30 - 8.76
	<u>762</u>	<u>5</u>	<u>1,194</u>	<u>605</u>	<u>2,566</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2020

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	-	-	1	14	15	0.01 - 1.00
Trade and other receivables	-	-	-	16	16	-
Short-term loan to related parties	413	-	-	-	413	2.65
	<u>413</u>	<u>-</u>	<u>1</u>	<u>30</u>	<u>444</u>	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	500	-	-	-	500	2.10 - 6.95
Trade and other payables	-	-	-	22	22	-
Long-term loans from financial institutions	-	-	555	-	555	Note 16
Lease liabilities	8	11	-	-	19	0.71 - 8.76
	<u>508</u>	<u>11</u>	<u>555</u>	<u>22</u>	<u>1,096</u>	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
Fixed interest rates						
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial assets						
Cash and cash equivalents	-	-	2	13	15	0.01 - 1.00
Trade and other receivables	-	-	-	25	25	-
Short-term loan to related parties	269	-	-	-	269	2.65
	269	-	2	38	309	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	490	-	-	-	490	2.10 - 6.95
Trade and other payables	-	-	-	44	44	-
Long-term loans from financial institutions	-	-	786	-	766	Note 16
Lease liabilities	1	5	-	-	6	7.30 - 8.76
	491	5	786	44	1,326	

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate long-term loans affected as at 31 December 2020:

Currency	Increase/decrease (%)	Effect on profit before tax (Thousand Baht)
Baht	+1	(7,994)
	-1	7,994

The above analysis has been prepared assuming that the amounts of the floating rate long-term loans and all other variables remain constant over one year. Moreover, the floating legs of these long-term loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation.

Liquidity risk

The Group controls the risk of a shortage of liquidity through the management of sufficient cash and cash equivalents, to reduce the effect of fluctuation of cash flows. In addition, the Group monitors the risk of a shortage of liquidity through the use of bank overdrafts and bank loans. The Group has access to a sufficient variety of sources of funding.

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

(Unit: Million Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	500.0	314.8	-	-	814.8
Trade and other payables	-	429.7	-	-	429.7
Long-term loans	-	284.8	548.9	-	833.7
Lease liabilities	-	28.6	28.4	-	57.0
Total non-derivatives	500.0	1,057.9	577.3	-	2,135.2
Derivatives					
Derivative liabilities: net settled	-	0.2	-	-	-
Total derivatives	-	0.2	-	-	-

(Unit: Million Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	300.0	200.2	-	-	500.2
Trade and other payables	-	22.2	-	-	22.2
Long-term loans	-	202.1	376.1	-	578.2
Lease liabilities	-	8.5	12.0	-	20.5
Total non-derivatives	300.0	433.0	388.1	-	1,121.1

29.3 Fair values of financial instruments

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

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

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

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

30. Capital management

The primary objective of the capital management of the Group is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.54:1 (2019: 0.71:1) and the Company's debt-to equity ratio was 0.52:1 (2019: 0.67:1).

31. Events after the reporting period

- 31.1 On 14 January 2021, the Board of Directors' meeting of Tipco Asphalt Public Company Limited (associated company) approved a payment of interim dividend for the year 2020 of Baht 0.3 per share, a total of Baht 474 million. The Company received the dividend of Baht 111 million on 9 February 2021.

In addition, on 16 February 2021, the Board of Directors' meeting of Tipco Asphalt Public Company Limited (associated company) passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment for the year 2020 of Baht 1.60 per share, a total of Baht 2,565.36 million. Since an interim dividend payment on 11 September 2020 of Baht 0.30 per share, or a total of Baht 473.51 million for the performance period from 1 January 2020 to 30 June 2020 and another interim dividend payment on 9 February 2021 of Baht 0.30 per share, or a total of Baht 473.51 million for the Q3/2020 performance. The proposed final dividend payment will be Baht 1.00 per share, or a total of Baht 1,578.36 million for the Q4/2020 performance and retained earnings.

- 31.2 On 18 February 2021, the Company's Board of Directors' meeting approved a payment of interim dividend of Baht 0.19 per share, or a total of Baht 91.7 million, which will be paid in March 2021.

In addition, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment for the year 2020 of Baht 0.94 per share, or a total of Baht 453.6 million. Since an interim dividend of Baht 0.25 per share, or a total of Baht 120.6 million, was already distributed to the shareholders in September 2020 and another interim dividend of Baht 0.19 per share, or a total of Baht 91.7 million is approved to be paid in March 2021, the remaining final dividend is Baht 241.3 million (Baht 0.50 per share).

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2021.