SALEE PRINTING PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2020

Independent Auditor's Report

To the shareholders and the Board of Directors of Salee Printing Public Company Limited

My opinion

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

What I have audited

The Company's financial statements comprise:

- the statements of financial position as at 31 December 2020;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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 year. I determine one key audit matter: allowance on decrease in cost of inventory to net realisable value. The matter was 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 this matter.

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Key audit matter	How my audit addressed the key audit matter
Allowance on decrease in cost of inventory to net realisable value Refer to Note 8 a) 'Critical accounting estimates and judgements related to allowance on decrease in cost of inventory to net realisable value' and Note 13 'Inventories, net'. As at 31 December 2020, the Company has a Baht 81.91 million outstanding balance of inventory before recognising the Baht 24.35 million allowance to decrease its cost to the net realisable value in the financial statements. Inventories, net represents 5.21% of total assets. The measurement criteria of the allowance is assessed based on 1) slow-moving inventory, 2) obsolete inventory, and 3) selling price of inventory lower than cost. Management used their judgement and experience in recording these estimates and included this information: 1) inventory that hasn't moved for a long time is considered in the allowance for slow-moving inventory, 2) obsolete inventory is a fully recorded allowance, and 3) the allowance was calculated from the variance in the selling price (net with costs to sell) and the cost of inventory at the year-end date to consider the allowance for the selling price of inventory lower than cost. I focussed on this area because the amount of inventory is material to the Company's total assets. Also, this allowance relies on management's judgement and experience. Therefore, the appropriateness of the inventories valuation also depends on management's judgement and related information.	My audit procedures included: • obtaining an understanding of the accounting policy, evaluating the management's method used to develop this allowance and determining if the accounting policy is consistent with prior years • assessing the appropriateness of the management's criteria in developing this allowance by considering historical data and the key inventory ratio analysis • testing the reliability of the inventory aging analysis report by tracing the accuracy of inventory aging to their supporting documents • testing the accuracy of the net realisable value from the selling price (net with costs to sell) at the year-end date using the latest price quotations, and calculating the allowance based on the management's criteria and • assessing whether any slow-moving or obsolete inventories were omitted from the detailed analysis by comparing the long outstanding items in the inventory aging analysis and tracing information obtained while observing inventory counts at the year-end date. From performing the above procedures, I determined that the management's criteria used to estimate the allowance on the decrease in cost of inventory to the net realisable value was reasonable based on the supporting evidence.

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

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Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

I communicate with the audit committee 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 the audit committee 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 the audit committee, 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.

PricewaterhouseCoopers ABAS Ltd.

Sa-nga Chokenitisawat

Sa-nga Chokenitisawat
Certified Public Accountant (Thailand) No. 11251
Bangkok
24 February 2021

Salee Printing Public Company Limited
Statement of Financial Position
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Assets			
Current assets			
Cash and cash equivalents	10	188,350,819	13,273,225
Short-term investment - Fixed deposit at a bank	11	100,000,000	419,409,713
Trade and other receivables, net	12	99,871,843	103,603,761
Inventories, net	13	57,557,292	60,180,473
Asset held-for-sales, net		-	7,975,796
Other current assets		2,939,724	1,031,480
Total current assets		448,719,678	605,474,448
Non-current assets			
Restricted deposits at bank		936,758	935,824
Long-term investment - Fixed deposit at a bank	11	100,000,000	-
Financial assets measured at amortised cost	14	79,988,507	-
Other long-term investments	14	-	79,969,587
Machinery and equipment, net	15	266,307,420	214,782,896
Intangible assets, net		8,834,198	8,113,624
Right-of-use assets, net	16	67,661,794	-
Deferred tax assets, net	17	17,750,914	19,289,391
Other non-current assets		18,899,663	19,094,874
Total non-current assets		560,379,254	342,186,196
Total assets		1,009,098,932	947,660,644

Director ______________________ Director ______________________

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

Salee Printing Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from bank		-	1,020,951
Trade and other payables	18	35,263,775	31,247,208
Current portion of lease liabilities	5	20,562,925	91,200
Other current liabilities		1,103,098	707,198
Total current liabilities		56,929,798	33,066,557
Non-current liabilities			
Lease liabilities, net	5	57,892,369	76,000
Employee benefit obligations	19	7,908,786	5,271,474
Total non-current liabilities		65,801,155	5,347,474
Total liabilities		122,730,953	38,414,031
Equity			
Share capital			
Authorised share capital			
1,200,000,000 ordinary shares			
at par value of Baht 0.25 each		300,000,000	300,000,000
Issued and paid-up share capital			
1,200,000,000 ordinary shares			
at paid-up of Baht 0.25 each		300,000,000	300,000,000
Premium on ordinary shares		619,162,127	619,162,127
Deficits			
Appropriated - legal reserve		30,000,000	30,000,000
Unappropriated		(62,794,148)	(39,915,514)
Total equity		886,367,979	909,246,613
Total liabilities and equity		1,009,098,932	947,660,644

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

Salee Printing Public Company Limited
Statement of Comprehensive Income
For the year then ended 31 December 2020

	Note	2020 Baht	2019 Baht
Revenues			
Revenues from sales		411,191,062	375,549,115
Cost of sales of goods		(343,946,866)	(346,186,313)
Gross profit		67,244,196	29,362,802
Other income		10,694,256	11,104,856
Selling expenses		(23,169,564)	(18,439,021)
Administrative expenses		(70,739,722)	(79,233,259)
Loss before finance cost and income tax benefit (expense)		(15,970,834)	(57,204,622)
Finance costs		(3,966,252)	(366)
Loss before income tax benefit (expense)		(19,937,086)	(57,204,988)
Income tax benefit (expense)	21	(1,819,091)	14,217,167
Loss for the year		(21,756,177)	(42,987,821)
Other comprehensive expense:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employee benefit obligations, net of tax		(1,122,457)	(1,298,806)
Other comprehensive expense for the year, net of tax		(1,122,457)	(1,298,806)
Total comprehensive expense for the year		(22,878,634)	(44,286,627)
Loss per share (Baht)			
Basic loss per share	22	(0.018)	(0.036)

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

Salee Printing Public Company Limited

Statement of Changes in Equity

For the year then ended 31 December 2020

	Issued and paid-up share capital	Premium on ordinary shares	Deficits		Total equity
			Appropriated - legal reserve	Unappropriated	
	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2019	300,000,000	619,162,127	30,000,000	16,371,113	965,533,240
Dividends	-	-	-	(12,000,000)	(12,000,000)
Total comprehensive expense for the year	-	-	-	(44,286,627)	(44,286,627)
Ending balance as at 31 December 2019	300,000,000	619,162,127	30,000,000	(39,915,514)	909,246,613
Opening balance at 1 January 2020	300,000,000	619,162,127	30,000,000	(39,915,514)	909,246,613
Total comprehensive expense for the year	-	-	-	(22,878,634)	(22,878,634)
Ending balance as at 31 December 2020	300,000,000	619,162,127	30,000,000	(62,794,148)	886,367,979

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

Salee Printing Public Company Limited
Statement of Cash Flows
For the year then ended 31 December 2020

	Notes	2020 Baht	2019 Baht
Cash flows from operating activities			
Loss before income tax		(19,937,086)	(57,204,988)
Adjustments for:			
Depreciation and amortisation	20	69,226,923	49,730,373
Expected credit loss allowance	12	247,879	322,656
Allowance on decrease in cost of inventory to net realisable value		11,552,340	20,103,307
Impairment on equipment and intangible assets		-	8,091,017
Gain on disposals of machinery and equipment		(2,448,658)	(1,378,131)
Loss on write-offs of equipment and intangible assets		-	142,267
Gain on termination of lease agreements		(57,621)	-
Employee benefit obligation	19	1,234,239	1,234,492
Unrealised (gain) loss on exchange rate		(16,269)	22,646
Interest income		(8,131,843)	(9,474,187)
Finance costs	16	3,966,252	366
Cash flow before change in operating assets and liabilities		55,636,156	11,589,818
Change in operating assets and liabilities			
Trade and other receivables		1,963,102	2,204,109
Inventories		(8,929,159)	2,236,270
Other current assets		(1,908,244)	32,345
Other non-current assets		-	(2,000)
Trade and other payables		(1,202,714)	(156,806)
Other current liabilities		395,902	(312,620)
Cash generated from operations		45,955,043	15,591,116
Income tax paid		(8,523,842)	(10,752,496)
Income tax received		8,328,630	4,277,646
Net cash generated from operating activities		45,759,831	9,116,266

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

	Note	2020 Baht	2019 Baht
Cash flows from investing activities			
Proceed from disposals of machinery and equipment		2,551,176	1,378,131
Payment of machinery and equipment		(76,389,270)	(26,086,409)
Payment of intangible assets		(2,214,300)	(1,810,000)
Proceed from short-term investments - Fixed deposit at a bank		319,409,713	9,385,856
Payment of long-term investments - Fixed deposit at a bank		(100,000,000)	(10,021,043)
Increase in restricted cash		(934)	(926)
Proceeds from interest income		9,601,259	9,082,483
Net cash generated from (used in) investing activities		152,957,644	(18,071,908)
Cash flows from financing activities			
Payments on short-term borrowing from bank		(1,020,951)	-
Repayments on lease liabilities	16	(22,618,930)	(188,619)
Dividends paid		-	(12,000,000)
Net cash (used in) financing activities		(23,639,881)	(12,188,619)
Net increase (decrease) in cash and cash equivalents		175,077,594	(21,144,261)
Cash and cash equivalents at beginning of the year		13,273,225	34,417,486
Cash and cash equivalents at end of the year		188,350,819	13,273,225
Supplemental cash flows information			
Non-cash transactions			
Recoginition of right of use under lease		98,875,343	-
Accounts payable - purchase of machine and equipment		13,351,257	-
Transferring of machinery and equipment to assets held for sale		7,975,796	-

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

1 General information

Salee Printing Public Company Limited (the Company) is a public company limited and listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

No. 19 Moo 10, Tumbol Klong Si, Amphur Klong Luang, Pathumthani 12120.

The principal business operation of the Company is label printing for products.

The financial statement was authorised for issue by the Board of Directors on 24 February 2021.

2 Significant events during the current year

Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 ("COVID-19") in 2020 has no significant adverse impacts on the Company's operating results for the year ended 31 December 2020. According to the consumption is still continues, it will result to the ordering of label printing for products.

However, COVID-19 pandemic and preventives measure still exist, which the Company's management pays special attention to COVID-19 pandemic and assessing the effect to operating including planning to encounter such situation by continuously monitor the progress of the situation and assess the impact that may occur on the Company's operating results.

3 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS) and the financial reporting requirements issued under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except disclosed as others in the accounting policy.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 8.

An English language version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Company

a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Company to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Company whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Company to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Company has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

b) TFRS 16, Leases

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

New and amended financial reporting standards have no significant effect to the Company are as follows;

Amendment to TAS 12	Income tax
Amendment to TAS 19	Employee benefits
Amendment to TAS 23	Borrowing costs
TFRIC 23	Uncertainty over income tax treatments

4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and have significant impacts to the Company

The Company has evaluated the effect of new and amended financial reporting standards which have not been early adopted in current reporting period as follows;

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity; and
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability and criteria for consolidating assets and liabilities in the financial statements, and clarification to the prominence of management's stewardship of the business's economic, discreetness and the uncertainty of the measurement in financial reporting.

b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

c) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

d) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

5 Impacts from initial application of the new and amended financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Company's financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.8 and Note 6.9.

The Company has adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

The impact of first-time adoption of new financial reporting standards on the statement of financial position are as follows:

			Adjustment and Reclassification		
	Notes	31 December 2019 Thousand Baht	TFRS 9 and TAS 32 Thousand Baht	TFRS 16 Thousand Baht	1 January 2020 Thousand Baht
Assets					
Non-Current assets					
Financial assets measured at amortised cost	a)	-	79,970	-	79,970
Other long-term investments	a)	79,970	(79,970)	-	-
Right-of-use assets, net	b)	-	-	47,916	47,916
		79,970	**-**	**47,916**	**127,886**
Liabilities					
Current liability					
Current portion of lease liabilities	b, c)	91	-	3,477	3,568
Non-current liability					
Lease liabilities	b, c)	76	-	44,439	44,515
		167	**-**	**47,916**	**48,083**

Adjustment and reclassification are summarised as follows:
a) Reclassification of financial assets (Note 5.1)
b) Recognition of right-of-use assets and lease liabilities under TFRS16 (Note 5.2)
c) Reclassification of lease assets and finance lease liabilities (Note 5.2)

5.1 Financial instruments

a) Reclassification from other long-term investment to financial assets carried at amortised cost

Debentures previously classified as other long-term investment held to maturity is reclassified to financial assets carried at amortised cost as the Company intend to hold this investment till maturity date for collection of contractual cash flows and solely payments of principal and interest (SPPI).

b) Reclassifications of financial instruments on adoption of TFRS 9

On 1 January 2020, the date of initial application, the measurement categories and carrying amounts of financial assets and financial liabilities were as follows.

	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New adjustment (TFRS 9)	Previously reported Thousand Baht	New adjustment Thousand Baht	Difference Thousand Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	13,273	13,273	-
Trade and other receivables	Amortised cost	Amortised cost	103,604	103,604	-
Short-term investment - Fixed deposit at a bank	Amortised cost	Amortised cost	419,410	419,410	-
Non-current financial assets					
Restricted deposits at bank	Amortised cost	Amortised cost	935,824	935,824	-
Other long-term investments	Cost less impairment	Amortised cost	79,970	-	79,970
Financial assets measured at amortised cost	Amortised cost	Amortised cost	-	79,970	79,970
Current financial liabilities					
Short-term borrowings from bank	Amortised cost	Amortised cost	1,021	1,021	-

c) Impairment of financial assets

The Company has the following financial assets that are subject to the expected credit loss model as follows:

- Cash and cash equivalents
- Short-term investment -fixed deposits at banks
- Trade and other receivables
- Restricted deposits at bank
- Long-term investment - fixed deposit at a bank
- Financial assets measured at amortised cost

The Company applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses and trade receivables has been grouped based on shared credit risk characteristics and the days past due. Management has therefore concluded that the expected loss rates for trade receivables based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

From the above computation, Management found that no significant difference from the method of setting up the allowance for doubtful accounts in 2019.

The Company's management considered that loss allowance of the cash and cash equivalents, deposit held at bank (both of short-term and long-term), restricted cash, and debt investments carried at amortised cost have no significant amount.

5.2 Leases agreements

On the adoption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. The Company leases land and building which are typically made for fixed periods of 3 years to 10 years but certain contracts have extension options. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The Company's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 4.45%.

For leases previously classified as finance leases, the Company recognised the carrying amount of the lease asset and lease liability immediately on the date of the adoption by reclassifying the carrying amount to be the right-of-use asset and the lease liability. After the initial adoption, the Company applies the measurement principles following the TFRS 16.

	Thousand Baht
Operating lease commitments disclosed as at 31 December 2019	24,939
Less: Impacted from the leasee's incremental borrowing rate used at the date of initial application	(2,581)
Less: Short-term leases recognised on a straight-line basis as expense	(603)
Add: Finance lease liabilities recognised as at 31 December 2019	167
Add: Adjustments as a result of a different treatment of extension and termination options	24,056
Add: Adjustments relating to changes in the index or rate affecting variable payments	2,105
Lease liabilities recognised as at 1 January 2020	**48,083**
Lease liabilities - Current portion	3,568
Lease liabilities - Non-Current portion	44,515
Lease liabilities recognised as at 1 January 2020	**48,083**

Practical expedients applied

In applying TFRS 16 for the first time for the existing lease agreement before 1 January 2020, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an arrangement contains a Lease.

6 Accounting policies

6.1 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

6.2 Cash and cash equivalents

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

6.3 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables has been disclosed in Note 6.5 e).

6.4 Inventories

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

Cost of inventories is determined by the weighted average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

6.5 Financial assets

For the year ended 31 December 2020

a) Classification

From 1 January 2020, the Company classifies its debt instrument financial assets in the following measurement categories depending on a) business model for managing the asset and b) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. The measurement debt instruments by amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

e) Impairment

From 1 January 2020, the Company applies the TFRS 9 simplified approach in measuring the impairment of trade receivables which applies lifetime expected credit loss, from initial recognition, for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company's management has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2020 and the corresponding historical credit losses experienced within this period.

For other financial assets carried at amortised cost, the Company applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk and recognised expected credit loss since the initial recognition.

The significant increase in credit risk assessment is performed every end of reporting period by comparing expected risk of default as of the reporting date and estimated risk of default on the date of initial recognition.

The Company assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Company and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Company reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

<u>For the year ended 31 December 2019</u>

Other long-term investments

Investment in debt securities and held-to-maturity investments are carried at amortised cost. The Company used the effective interest method to amortise any premiums/discounts, which would be recognised in profit or loss.

6.6 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Utility system and building improvement	5 years and 10 years
Machinery and equipment	5 years, 10 years and 15 years
Office equipment	3 years and 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other gains or losses.

6.7 Intangible assets

Computer software

The cost of computer software development recognises as intangible assets and amortised by straight-line method based on the Company's policy which are 3 years and 5 years.

6.8 Leases

For the year ended 31 December 2020

Leases - where the Company is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis.

For the year ended 31 December 2019

Leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit and loss over the lease period.

6.9 Lease liabilities

a) Classification

Financial instruments issued by the Company are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Company has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company's own equity instruments.
- Where the Company has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Company assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

<u>For the year ended 31 December 2019</u>

Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

6.10 Impairment of assets

Assets that have an definite useful life are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

6.11 Employee benefits

a) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Retirement benefits

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

c) Contribution plan

The Company pays contributions to a separate fund on a voluntary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

6.13 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.14 Revenue recognition

Sales of goods

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered. Revenue comprises the fair value of the consideration received or receivable for the sale of goods net of returns, discounts, and output tax.

Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

Other income

Other income is recognised on an accrual basis.

6.15 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

6.16 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

7 Financial risk management

7.1 Financial risk

The Company exposes to a variety of financial risk: market risk (including fair value interest risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management is carried out by treasury management. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for Treasury team internally.

7.1.1 Market risk

a) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to interest rate risk relates primarily to its deposits at financial institutions and debentures. Most of the Company's financial assets and liabilities bear fixed interest rates which are close to the market rate. The Company assesses that the interest rate risk is insignificant as the interests from financial assets and financial liabilities are not significantly different.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

7.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost.

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash deposits are limited to high credit quality financial institutions.

Impairment of financial assets

The Company has 6 types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Short-term investment -fixed deposits at banks
- Trade and other receivables
- Restricted deposits at bank
- Long-term investment - fixed deposit at a bank; and
- Financial assets measured at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

7.2 Capital management

The objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

- Debt-Service Coverage Ratio (DSCR) must be not less than 1.10 and 1.50
- Debt to equity ratio must be not less than 0 but not over 3.

7.3 Fair value measurement

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the current bid price in active markets for identical assets and liabilities.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

The fair value measurement of financial assets and financial liabilities is in accordance with the accounting policies disclosed in Note 6.5 and Note 6.9.

8 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Allowance on decrease in cost of inventory to net realisable value

In determining an allowance on decrease in cost of inventory to net realisable value, the management needs to make judgement and estimates for slow-moving and obsolete inventory based upon, among other things, the product life cycle, the competitive environment, economic circumstances and the situation within the industry.

b) 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.

c) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

d) Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in Note 18.

e) Determination of lease terms

Critical judgement in determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Company.

f) Determination of discount rate applied to lease

The Company determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.

- Make adjustments specific to the lease, e.g. term, country, currency and security.

9 Segment and revenue information

The Company is principally engaged in the label printing segment and operate in Thailand. Segment is operated in the main geographical area in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss as presented in the financial statements. As a result, all the revenues, operating profit and assets presented in the financial statements represent reportable operating segment. The Company recognised revenue at a point in time.

Geographical information

	2020 Thousand Baht	2019 Thousand Baht
Revenue from customers by customer's location:		
Thailand	394,852	350,099
Myanmar	15,004	17,777
Others	1,335	7,673
Total	411,191	375,549

Key customers information

In 2020, the Company has the revenue from 1 key customer amounting to Baht 111 million (2019: 1 key customer amounting to Baht 124 million).

10 Cash and cash equivalents

	2020 Thousand Baht	2019 Thousand Baht
Cash on hand	126	70
Bank deposits - Saving accounts	34,063	10,932
- Current accounts	154,162	2,271
	188,351	13,273

As at 31 December 2020, bank deposits in saving accounts carrying interests rate at 0.10 % to 0.55 % per annum (2019: 0.10 % to 1 % per annum).

11 Investments in fixed deposits at banks

As at 31 December 2020, short-term investment is 12 months fixed deposit at Baht 100 million (2019: Baht 419 million) at a local bank carrying interests rate at 0.65% per annum (2019: 1.65% and 1.80% per annum).

As at 31 December 2020, long-term investment is 24 months fixed deposit at Baht 100 million (2019: Nil) at a local bank carrying interests between 0.45% to 0.50% per annum (2019: Nil).

12 Trade and other receivables, net

12.1 Trade and other receivables, net

	2020 Thousand Baht	2019 Thousand Baht
Trade receivables - third parties	98,302	99,540
Less Expected credit loss allowance (2019: Allowance for doubtful accounts)	(756)	(508)
Trade receivables - third parties, net	97,546	99,032
Trade receivables - related parties	203	158
Other receivables - third parties	56	-
Accrued revenue	1,112	3,655
Prepayments	955	759
	99,872	103,604

Fair value of trade receivables

As trade receivables is current assets, the fair value is closely to book value.

12.2 Impairments of trade receivables

The loss allowance for trade receivables was determined as follows:

As of 1 January 2020	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	More than 12 months Thousand Baht	Total Thousand Baht
Gross carrying amount - trade receivables	82,499	15,667	866	-	508	99,540
Loss allowance	-	-	-	-	(508)	(508)

As of 31 December 2020	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	More than 12 months Thousand Baht	Total Thousand Baht
Gross carrying amount - trade receivables	77,384	19,751	203	416	548	98,302
Loss allowance	-	-	-	(208)	(548)	(756)

The reconciliations of loss allowance for trade receivables for the years ended 31 December are as follow:

	Trade receivables	
	2020 Thousand Baht	2019 Thousand Baht
31 December - calculated under TAS 101	**508**	**185**
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2020 calculated under TFRS 9 (2019: TAS 101)	-	-
Increase in loss allowance recognised in profit or loss during the year	248	323
Receivable written off during the year as uncollectible	-	-
Unused amount reversed	-	-
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	**756**	**508**

13 Inventories, net

	2020 Thousand Baht	2019 Thousand Baht
Raw materials	24,395	27,426
Finished goods	57,517	61,835
	81,912	89,261
Less Allowance on decrease in cost of inventory to net realizable value		
- Raw materials	(2,422)	(2,664)
- Finished goods	(21,933)	(26,417)
	57,557	60,180

During the years ended 31 December, amounts recognised as cost of sales in profit or loss are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Cost of sales and cost of services	343,947	346,186
Written-down of inventories to net realisable value	11,552	20,103
Reversal of written-down inventories to net realisable value	(16,278)	(13,485)

The Company sold inventories that were previously written-down to a customer at original cost. Therefore, the Company reversed the allowance for net realisable value in the current year.

14 Financial assets measured at amortised cost

Movements of financial assets measured at amortised cost for the year ended 31 December 2020 are as follows:

	Thousand Baht
Opening net book amount	-
Reclassification (Note 5)	79,970
Addition during the year	19
Closing net book amount	79,989

The fair values of held-to-maturity have been defined in fair value level 2 which are determined by using available observable market rate, and by discounting all future cash flows using the relevant market rate at the statement of financial position date. The fair values of held-to-maturity presented in the statement of financial position are closed to book values because the effect of discounting rate is not significant.

There is no transferring between fair value hierarchy levels during the current year.

15 Machinery and equipment, net

	Building and improvement Thousand Baht	Machinery Thousand Baht	Tools and Office equipment Thousand Baht	Vehicles Thousand Baht	Assets under Installation and construction Thousand Baht	Total Thousand Baht
At 1 January 2019						
Cost	51,059	690,752	120,798	14,792	2,657	880,058
Less Accumulated depreciation	(44,029)	(469,700)	(99,364)	(9,960)	-	(623,053)
Net book amount	7,030	221,052	21,434	4,832	2,657	257,005
For the year ended 31 December 2019						
Opening net book amount	7,030	221,051	21,434	4,832	2,657	257,005
Additions	1,633	6,072	8,676	820	4,637	21,838
Transfer in(out)	386	2,195	-	-	(2,581)	-
Disposals	-	-	-	-	(76)	(76)
Write-off (net)	(21)	(15,616)	(10)	-	-	(15,647)
Depreciation charge	(2,954)	(36,748)	(7,352)	(1,283)	-	(48,337)
Closing net book amount	6,074	176,955	22,748	4,369	4,637	214,783
At 31 December 2020						
Cost	51,298	666,975	123,675	11,623	4,637	858,208
Less Accumulated depreciation	(45,224)	(490,020)	(100,927)	(7,254)	-	(643,425)
Net book amount	6,074	176,955	22,748	4,369	4,637	214,783
For the year ended 31 December 2020						
Opening net book amount	6,074	176,955	22,748	4,369	4,637	214,783
Additions	7,075	54,175	11,082	13	25,373	97,718
Transfer in(out)	-	4,637	-	-	(4,637)	-
Disposals	-	(103)	-	-	-	(103)
Depreciation charge	(3,803)	(32,788)	(8,262)	(1,238)	-	(46,091)
Closing net book amount	9,346	202,876	25,568	3,144	25,373	226,307
At 31 December 2020						
Cost	58,373	656,082	134,757	11,636	25,373	886,221
Less Accumulated depreciation	(49,027)	(463,206)	(109,189)	(8,492)	-	(619,914)
Net book amount	9,346	202,876	25,568	3,144	25,373	266,307

Depreciation expenses have been charged in cost of goods sold, and administrative expenses of Baht 41.52 million and Baht 4.57 million, respectively. (2019: Baht 43.74 million and Baht 4.60 million, respectively).

16 Right-of-use assets, net

As at 31 December, right-of-use asset balance are as follows;

	2020 Thousand Baht	2019 Thousand Baht
Buildings	67,662	-
Total	67,662	-

For the years ended 31 December, amounts charged to profit or loss and cash flows relating to leases are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Depreciation charge of right-of-use assets:		
Buildings	21,644	-
Total	21,644	-
Interest expenses	3,966	-
Addition to the right-of-use assets during the year	48,870	-
Total cash outflows for lease	22,619	-
Expense relating to leases of low-value assets	315	-

During the year, the Company has considered to include service portion of lease agreements to be recognised as right-of-use assets. This resulted in an increase in right-of-use assets amounting to Baht 45.75 million.

17 Deferred income taxes

The analysis of deferred income taxes are as follows;

	2020 Thousand Baht	2019 Thousand Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	4,813	7,570
Deferred tax asset to be recovered more than 12 months	12,944	12,268
	17,757	19,838
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	6	543
Deferred tax liabilities to be settled more than 12 months	-	6
	6	549
Deferred tax asset (net)	17,751	19,289

The movements in deferred tax assets is as follows:

	Allowance for loss Thousand Baht	Allowance on cost of inventory to net realisable value Thousand Baht	Impairment of assets Thousand Baht	Employee benefit obligation Thousand Baht	Temporary differences of lease Thousand Baht	Right-of-use assets Thousand Baht	Utilised tax losses in the future Thousand Baht	Total Thousand Baht
Deferred tax assets								
At 1 January 2019	37	4,492	-	483	1,553	-	-	6,565
Charged/(credited) to profit or loss	65	1,324	1,523	246	100	-	9,690	12,948
Charged/(credited) to other comprehensive income	-	-	-	325	-	-	-	325
At 31 December 2019	102	5,816	1,523	1,054	1,653	-	9,690	19,838
Charged/(credited) to profit or loss	50	(945)	(1,523)	247	(1,653)	798	755	(2,361)
Charged/(credited) to other comprehensive income	-	-	-	280	-	-	-	280
At 31 December 2020	152	4,871	-	1,581	-	708	10,445	17,757

The movements in deferred tax liabilities is as follows:

	Temporary differences of lease Thousand Baht
Deferred tax liabilities	
At 1 January 2019	1,817
Charged/(credited) to profit or loss	(1,268)
At 31 December 2019	549
Charged/(credited) to profit or loss	(543)
At 31 December 2020	6

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company does not recognise deferred tax asset of Baht 22 million from tax losses of Baht 112 million (2019: no tax loss which does not recognise deferred tax assets), to carry forward against future taxable income; these tax losses of Baht 112 million (2019: Baht 48 million) will expire in 2024 and 2025, respectively.

18 Trade and other payables

	2020 Thousand Baht	2019 Thousand Baht
Trade payables - third parties	12,025	12,742
Trade payables - related parties	45	26
Other payables - third parties	20,353	7,256
Accrued expense - third parties	2,841	2,958
Accrued expenses - related parties	-	8,265
	35,264	31,247

19 Employee benefit obligations

	2020 Thousand Baht	2019 Thousand Baht
Statement of financial position		
Employee benefit obligations	7,909	5,271
Statement of comprehensive income		
Employee benefits expenses	1,234	1,234
Statement of other comprehensive income		
Actuarial loss	1,404	1,624

The movements in the defined benefit obligation for the years are as follows:

	2020 Thousand Baht	2019 Thousand Baht
At 1 January	5,271	2,413
Addition during the year:		
- Current service cost	1,151	762
- Past service cost	-	410
- Interest expense	83	62
Remeasurement:		
- Loss from change in actuarial assumptions	1,404	1,624
At 31 December	7,909	5,271

The significant actuarial assumptions used were as follows:

	2020 %	2019 %
Discount rate	1.07	1.57
Inflation rate	4.00	4.00
Turnover rate	5.00 - 25.00	5.00 - 25.00

Sensitivity analysis for each significant assumption used is as follows:

	Impact on defined benefit obligation		
	Change in assumption Percentage	Increase in assumption Thousand Baht	Decrease in assumption Thousand Baht
Discount rate	0.50	(367)	392
Inflation rate	0.50	348	(330)
Turnover rate	10.00	(673)	772

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefits recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 11 years (2019: 11 years).

The analysis of the maturity of the payment of retirement benefits without discount rates:

	Within 1 year Thousand Baht	Between 1 - 5 years Thousand Baht	Between 5 - 10 years Thousand Baht	Over 10 years Thousand Baht	Total Thousand Baht
At 31 December 2020					
Retirement benefits	413	3,439	6,247	12,232	22,331
Total	413	3,439	6,247	12,232	22,331

20 Expenses by nature

	2020 Thousand Baht	2019 Thousand Baht
Salary, wages, and other employee benefits	89,655	81,327
Depreciation and amortization (Note 15)	69,227	49,730
Loss on impairment of equipment and intangible assets	-	8,091
Utility expenses	17,470	15,792
Operating lease payment	-	21,748
Raw material and consumables used	224,883	204,356
Changes in finished goods	4,318	14,139

21 Income tax

	2020 Baht	2019 Baht
Current tax	-	-
Deferred income tax	1,819	(14,217)
Total income tax expense (benefit)	1,819	(14,217)

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	2020 Baht	2019 Baht
Loss before tax	(19,937)	(57,205)
Tax calculated at a tax rate of 20% (2019: 20%)	(3,987)	(11,441)
Tax effect:		
Expenses not deductible for tax purpose	1,762	263
Expenses that are deductible at a greater amount	(18,046)	(2,964)
Tax losses for which no deferred income tax asset was recognised	22,844	-
Others	754	(75)
Tax charge (benefit)	1,819	(14,217)

22 Basic loss per share

Basic loss per share for the years ended 31 December are calculated by dividing the loss attribute to shareholders of the Company by number of issued ordinary shares during the year.

	2020	2019
Net loss for the year (Thousand Baht)	(21,756)	(42,988)
Number of issued ordinary shares (shares)	1,200,000	1,200,000
Basis loss per share (Baht per share)	(0.018)	(0.036)

There are no potential dilutive ordinary shares in issue in 2020.

23 Related party transactions

a) Parent company

The Company is controlled by Salee Industry Public Company Limited which is incorporated in Thailand and owns 65% of the Company's ordinary shares.

b) Related party transactions

	For the year ended 31 December		
	2020 Thousand Baht	2019 Thousand Baht	Pricing policy
Revenue from sales of goods			
Parent	19	18	Market prices
Related parties	1,394	1,540	Market prices
Rental and service expenses			
Parent	-	21,229	Contractually agreed prices
Interest expenses			
Parent	3,966	-	Contractually agreed prices
Utilities expenses			
Parent	803	380	Cost plus margin
Dividend paid			
Parent	-	7,800	As declared

c) Outstanding balances arising from sales and purchases of goods and services

	As at 31 December	
	2020 Thousand Baht	2019 Thousand Baht
Trade receivables		
Related parties	203	158
Other payables		
Related parties	45	26
Accrued expenses		
Parent	-	8,265
Right-of-use assets, net		
Parent	67,662	-
Lease liabilities		
Parent	78,455	-

d) Key management compensation

	For the year ended 31 December 2020 Thousand Baht	2019 Thousand Baht
Short-term employee benefits	15,431	13,324
Retirement benefits	467	792
	15,898	14,116

24 Commitments and contingent liabilities

a) Capital commitments

Capital expenditure contracted as at the statement of financial position date, but not recognised in the financial statements is as follows:

	2020 Thousand Baht	2019 Thousand Baht
Purchase contract for machinery, equipment and computer software	67,937	10,726

b) Non-cancellable operating lease commitments

The Company has entered into lease agreements. The future aggregate minimum lease payments under non-cancellable lease agreements are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Not later than 1 year	288	5,723
Later than 1 year but not later than 5 years	-	19,216
	288	24,939

c) Non-cancellable service commitments

The Company has entered into service agreements. The future aggregate minimum lease payments under non-cancellable service agreements are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Not later than 1 year	145	17,330
Later than 1 year but not later than 5 years	-	57,517
	145	74,847

From 1 January 2020, the Company recognised the right-of-use assets according to lease agreements, except for short-term and service agreements. The additional details are disclosed in Note 5.

d) Letter of guarantees

As at 31 December 2020, the Company has Baht 1.5 million (2019: Baht 1.5 million) letter of guarantee issued by bank in relation to guarantee of electricity usages in the normal course of business.

25 Reclassification

Statement of financial position as at 31 December 2020 has been reclassified to conform with changes in presentation in the current year as follows:

	Previously reported Thousand Baht	Reclassification Thousand Baht	After reclassification Thousand Baht
Trade and other receivables, net	102,845	759	103,604
Asset held-for-sale	-	7,976	7,976
Other current assets	1,791	(759)	1,032
Deposit of machinery and computer software	9,139	(9,139)	-
Machinery and equipment, net	218,120	(3,337)	214,783
Intangible assets, net	3,614	4,500	8,114
Trade and other payables	31,177	70	31,247
Other current liabilities	777	(70)	707