

President Bakery Public Company Limited
Report and financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of President Bakery Public Company Limited

Opinion

I have audited the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited (“the Company”) as at 31 December 2020, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows, in which the equity method is applied, for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of President Bakery 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 President Bakery Public Company Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Company. In addition, the sales transactions of the Company are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to the revenue recognition of the Company.

I evaluated the Company's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I tested the data being used in calculating and recording accrued sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the financial statements, in which the equity method is applied. 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.

Siriwan Nitdamrong
Certified Public Accountant (Thailand) No. 5906

EY Office Limited
Bangkok: 15 February 2021

President Bakery Public Company Limited

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets					
Current assets					
Cash and cash equivalents	7	368,353,215	366,620,036	368,353,215	366,620,036
Short-term investments	8	-	2,493,594,574	-	2,493,594,574
Trade and other receivables	9, 11	747,075,856	944,715,495	747,075,856	944,715,495
Inventories	10	168,311,918	174,251,441	168,311,918	174,251,441
Other current financial assets	13	3,826,171,185	-	3,826,171,185	-
Other current assets		<u>13,767,896</u>	<u>14,176,309</u>	<u>13,767,896</u>	<u>14,176,309</u>
Total current assets		<u>5,123,680,070</u>	<u>3,993,357,855</u>	<u>5,123,680,070</u>	<u>3,993,357,855</u>
Non-current assets					
Restricted bank deposit		-	36,348,041	-	36,348,041
Investment in joint venture	12	29,819,188	28,424,125	5,850,000	5,850,000
Long-term investments	14	-	1,270,804,712	-	1,270,804,712
Other long-term investments	15	-	129,500,000	-	129,500,000
Other non-current financial assets	13	1,492,898,723	-	1,492,898,723	-
Property, plant and equipment	16	3,621,433,978	3,995,534,000	3,621,433,978	3,995,534,000
Right-of-use assets	20.1	15,297,812	-	15,297,812	-
Advance payments for purchase of assets		542,149	1,113,499	542,149	1,113,499
Intangible assets	17	11,153,949	10,667,228	11,153,949	10,667,228
Leasehold rights	18	-	450,820	-	450,820
Deferred tax assets	27	-	9,646,845	-	9,646,845
Other non-current assets		<u>4,060,857</u>	<u>4,244,950</u>	<u>4,060,857</u>	<u>4,244,950</u>
Total non-current assets		<u>5,175,206,656</u>	<u>5,486,734,220</u>	<u>5,151,237,468</u>	<u>5,464,160,095</u>
Total assets		<u>10,298,886,726</u>	<u>9,480,092,075</u>	<u>10,274,917,538</u>	<u>9,457,517,950</u>

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

President Bakery Public Company Limited
Statements of financial position (continued)
As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	11, 19	574,305,323	627,747,142	574,305,323	627,747,142
Current portion of liabilities under finance lease agreements	20.2	-	11,172,657	-	11,172,657
Current portion of lease liabilities	20.2	9,537,351	-	9,537,351	-
Corporate income tax payable		109,301,281	118,973,389	109,301,281	118,973,389
Accrued expenses		223,741,492	246,000,088	223,741,492	246,000,088
Other current liabilities		2,526,251	3,480,478	2,526,251	3,480,478
Total current liabilities		919,411,698	1,007,373,754	919,411,698	1,007,373,754
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	20.2	-	101,327	-	101,327
Lease liabilities, net of current portion	20.2	6,082,315	-	6,082,315	-
Deferred tax liabilities	27	23,592,955	-	23,592,955	-
Provision for long-term employee benefits	21	96,101,551	99,414,664	96,101,551	99,414,664
Other non-current liabilities		3,830,402	3,829,643	3,830,402	3,829,643
Total non-current liabilities		129,607,223	103,345,634	129,607,223	103,345,634
Total liabilities		1,049,018,921	1,110,719,388	1,049,018,921	1,110,719,388

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

President Bakery Public Company Limited
Statements of financial position (continued)
As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital					
Registered					
450,000,000 ordinary shares of Baht 1 each		<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>
Issued and fully paid-up					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Share premium		674,379,513	674,379,513	674,379,513	674,379,513
Retained earnings					
Appropriated - statutory reserve	22	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated		7,940,817,218	7,189,820,469	7,916,848,030	7,167,246,344
Other components of shareholders' equity		<u>139,671,074</u>	<u>10,172,705</u>	<u>139,671,074</u>	<u>10,172,705</u>
Total shareholders' equity		<u>9,249,867,805</u>	<u>8,369,372,687</u>	<u>9,225,898,617</u>	<u>8,346,798,562</u>
Total liabilities and shareholders' equity		<u>10,298,886,726</u>	<u>9,480,092,075</u>	<u>10,274,917,538</u>	<u>9,457,517,950</u>

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

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Directors
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President Bakery Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales		7,143,477,091	7,743,972,947	7,143,477,091	7,743,972,947
Other income	23	42,459,646	40,309,693	44,507,146	45,516,193
Total revenues		<u>7,185,936,737</u>	<u>7,784,282,640</u>	<u>7,187,984,237</u>	<u>7,789,489,140</u>
Expenses					
Cost of sales	26	3,742,851,643	4,143,415,462	3,742,851,643	4,143,415,462
Selling and distribution expenses		1,358,029,840	1,496,592,545	1,358,029,840	1,496,592,545
Administrative expenses		251,062,062	297,813,287	251,062,062	297,813,287
Total expenses		<u>5,351,943,545</u>	<u>5,937,821,294</u>	<u>5,351,943,545</u>	<u>5,937,821,294</u>
Operating profit		1,833,993,192	1,846,461,346	1,836,040,692	1,851,667,846
Share of profit from investment in joint venture	12.2	3,442,563	4,124,442	-	-
Finance income	24	60,407,587	64,337,733	60,407,587	64,337,733
Finance cost	25	(808,788)	(3,628,317)	(808,788)	(3,628,317)
Profit before income tax expenses		1,897,034,554	1,911,295,204	1,895,639,491	1,912,377,262
Income tax expenses	27	(218,369,278)	(210,555,433)	(218,369,278)	(210,555,433)
Profit for the year		<u>1,678,665,276</u>	<u>1,700,739,771</u>	<u>1,677,270,213</u>	<u>1,701,821,829</u>

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

President Bakery Public Company Limited
Statements of comprehensive income (continued)
For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on changes in value of available-for-sale investments - net of income tax	14	-	14,757,356	-	14,757,356
Loss on changes in value of debt investment designated at fair value through other comprehensive income - net of income tax		(3,627,839)	-	(3,627,839)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(3,627,839)	14,757,356	(3,627,839)	14,757,356
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Loss on change in value of equity investment designated at fair value through other comprehensive income - net of income tax		(4,536,794)	-	(4,536,794)	-
Actuarial loss - net of income tax	21	-	(20,417,572)	-	(20,417,572)
Share of actuarial gain of joint venture - net of income tax	12	-	149,233	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(4,536,794)	(20,268,339)	(4,536,794)	(20,417,572)
Other comprehensive income for the year		(8,164,633)	(5,510,983)	(8,164,633)	(5,660,216)
Total comprehensive income for the year		1,670,500,643	1,695,228,788	1,669,105,580	1,696,161,613
Earnings per share					
Basic earnings per share	28	3.73	3.78	3.73	3.78

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

President Bakery Public Company Limited
Statements of changes in shareholders' equity
For the year ended 31 December 2020

(Unit: Baht)

Financial statements in which the equity method is applied									
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
						Changes in value of available-for-sale investments	Fair value reserve of financial assets at FVOCI		
Balance as at 1 January 2019		450,000,000	674,379,513	45,000,000	6,256,349,037	(4,584,651)	-	(4,584,651)	7,421,143,899
Profit for the year		-	-	-	1,700,739,771	-	-	-	1,700,739,771
Other comprehensive income for the year		-	-	-	(20,268,339)	14,757,356	-	14,757,356	(5,510,983)
Total comprehensive income for the year		-	-	-	1,680,471,432	14,757,356	-	14,757,356	1,695,228,788
Dividend payment	29	-	-	-	(747,000,000)	-	-	-	(747,000,000)
Balance as at 31 December 2019		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,189,820,469</u>	<u>10,172,705</u>	<u>-</u>	<u>10,172,705</u>	<u>8,369,372,687</u>
Balance as at 1 January 2020		450,000,000	674,379,513	45,000,000	7,189,820,469	10,172,705	-	10,172,705	8,369,372,687
Cumulative effect of change in accounting policy	4	-	-	-	-	(10,172,705)	142,667,180	132,494,475	132,494,475
Balance as at 1 January 2020 - as restated		450,000,000	674,379,513	45,000,000	7,189,820,469	-	142,667,180	142,667,180	8,501,867,162
Profit for the year		-	-	-	1,678,665,276	-	-	-	1,678,665,276
Other comprehensive income for the year		-	-	-	-	-	(8,164,633)	(8,164,633)	(8,164,633)
Total comprehensive income for the year		-	-	-	1,678,665,276	-	(8,164,633)	(8,164,633)	1,670,500,643
Dividend payment	29	-	-	-	(922,500,000)	-	-	-	(922,500,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	(5,168,527)	-	5,168,527	5,168,527	-
Balance as at 31 December 2020		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,940,817,218</u>	<u>-</u>	<u>139,671,074</u>	<u>139,671,074</u>	<u>9,249,867,805</u>

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

President Bakery Public Company Limited

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements								
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total
				Appropriated - statutory reserve	Unappropriated	Changes in value of available-for-sale investments	Fair value reserve of financial assets at FVOCI	Total other components of shareholders' equity	
Balance as at 1 January 2019		450,000,000	674,379,513	45,000,000	6,232,842,087	(4,584,651)	-	(4,584,651)	7,397,636,949
Profit for the year		-	-	-	1,701,821,829	-	-	-	1,701,821,829
Other comprehensive income for the year		-	-	-	(20,417,572)	14,757,356	-	14,757,356	(5,660,216)
Total comprehensive income for the year		-	-	-	1,681,404,257	14,757,356	-	14,757,356	1,696,161,613
Dividend payment	29	-	-	-	(747,000,000)	-	-	-	(747,000,000)
Balance as at 31 December 2019		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,167,246,344</u>	<u>10,172,705</u>	<u>-</u>	<u>10,172,705</u>	<u>8,346,798,562</u>
Balance as at 1 January 2020		450,000,000	674,379,513	45,000,000	7,167,246,344	10,172,705	-	10,172,705	8,346,798,562
Cumulative effect of change in accounting policy	4	-	-	-	-	(10,172,705)	142,667,180	132,494,475	132,494,475
Balance as at 1 January 2020 - as restated		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,167,246,344</u>	<u>-</u>	<u>142,667,180</u>	<u>142,667,180</u>	<u>8,479,293,037</u>
Profit for the year		-	-	-	1,677,270,213	-	-	-	1,677,270,213
Other comprehensive income for the year		-	-	-	-	-	(8,164,633)	(8,164,633)	(8,164,633)
Total comprehensive income for the year		-	-	-	1,677,270,213	-	(8,164,633)	(8,164,633)	1,669,105,580
Dividend payment	29	-	-	-	(922,500,000)	-	-	-	(922,500,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	(5,168,527)	-	5,168,527	5,168,527	-
Balance as at 31 December 2020		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,916,848,030</u>	<u>-</u>	<u>139,671,074</u>	<u>139,671,074</u>	<u>9,225,898,617</u>

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

President Bakery Public Company Limited

Statements of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	1,897,034,554	1,911,295,204	1,895,639,491	1,912,377,262
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	492,803,775	528,017,538	492,803,775	528,017,538
Gain on disposals of property, plant and equipment	(1,990,697)	(1,969,990)	(1,990,697)	(1,969,990)
Provision for litigation	7,700,000	5,412,922	7,700,000	5,412,922
Share of profit from investment in joint venture	(3,442,563)	(4,124,442)	-	-
Gain on sales of short-term investments	-	(130,929)	-	(130,929)
Gain on sales of long-term investments	-	(5,089,880)	-	(5,089,880)
Loss on sales of debt instruments at fair value through other comprehensive income	(2,690,400)	-	(2,690,400)	-
Loss from sales of equity investment not recognised in profit or loss	(5,168,527)	-	(5,168,527)	-
Unrealised gain on exchange	(75,167)	(55,272)	(75,167)	(55,272)
Provision for long-term employee benefits	8,248,151	9,282,525	8,248,151	9,282,525
Dividend income from listed equity investments	(2,821,636)	(1,680,194)	(2,821,636)	(1,680,194)
Dividend income from joint venture	-	-	(2,047,500)	(5,206,500)
Dividend income from non-listed equity investment	(4,800,000)	(6,600,000)	(4,800,000)	(6,600,000)
Finance income	(60,407,587)	(64,337,733)	(60,407,587)	(64,337,733)
Finance cost	808,788	3,628,317	808,788	3,628,317
Profit from operating activities before changes in operating assets and liabilities	2,325,198,691	2,373,648,066	2,325,198,691	2,373,648,066
Decrease (increase) in operating assets				
Trade and other receivables	180,761,020	23,371,283	180,761,020	23,371,283
Inventories	5,939,523	9,126,268	5,939,523	9,126,268
Other current assets	408,413	7,347,033	408,413	7,347,033
Other non-current assets	467,788	167,054	467,788	167,054
Increase (decrease) in operating liabilities				
Trade and other payables	(55,393,397)	(69,143,896)	(55,393,397)	(69,143,896)
Other current liabilities	(29,052,172)	12,047,457	(29,052,172)	12,047,457
Other non-current liabilities	760	332,460	760	332,460
Provision for long-term employee benefits	(11,561,264)	(18,374,010)	(11,561,264)	(18,374,010)
Cash from operating activities	2,416,769,362	2,338,521,715	2,416,769,362	2,338,521,715
Cash paid for income tax	(227,176,178)	(180,014,658)	(227,176,178)	(180,014,658)
Net cash from operating activities	2,189,593,184	2,158,507,057	2,189,593,184	2,158,507,057

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

President Bakery Public Company Limited

Statements of cash flows (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Restricted bank deposit	36,348,041	17,051,329	36,348,041	17,051,329
Cash paid for short-term investments	-	(4,453,072,147)	-	(4,453,072,147)
Cash paid for long-term investments	-	(1,843,672,263)	-	(1,843,672,263)
Cash paid for other financial assets	(7,728,625,965)	-	(7,728,625,965)	-
Cash received from sales of other financial assets	6,482,683,728	-	6,482,683,728	-
Cash received from sales of short-term investments	-	4,401,883,220	-	4,401,883,220
Cash received from sales of long-term investments	-	1,040,732,117	-	1,040,732,117
Cash paid for other long-term investments	-	(50,000,000)	-	(50,000,000)
Acquisitions of property, plant and equipment	(113,346,674)	(232,446,399)	(113,346,674)	(232,446,399)
Proceeds from disposals of property, plant and equipment	3,515,980	3,054,181	3,515,980	3,054,181
Decrease in advance payments for purchase of assets	571,350	2,238,797	571,350	2,238,797
Increase in intangible assets	(2,457,323)	(1,256,863)	(2,457,323)	(1,256,863)
Interest received	68,773,232	60,226,612	68,773,232	60,226,612
Dividend income from listed equity investments	2,883,665	1,690,499	2,883,665	1,690,499
Dividend income from joint venture	2,047,500	5,206,500	2,047,500	5,206,500
Dividend income from non-listed equity investment	4,800,000	6,600,000	4,800,000	6,600,000
Net cash used in investing activities	(1,242,806,466)	(1,041,764,417)	(1,242,806,466)	(1,041,764,417)
Cash from financing activities				
Payment of principal portion of lease liabilities	(21,744,751)	(41,744,806)	(21,744,751)	(41,744,806)
Decrease in long-term loans from directors	-	(71,391,764)	-	(71,391,764)
Decrease in long-term loans from employees	-	(39,547,138)	-	(39,547,138)
Cash paid for interest expenses	(808,788)	(3,628,317)	(808,788)	(3,628,317)
Dividend payments	(922,500,000)	(747,000,000)	(922,500,000)	(747,000,000)
Net cash used in financing activities	(945,053,539)	(903,312,025)	(945,053,539)	(903,312,025)
Net increase in cash and cash equivalents	1,733,179	213,430,615	1,733,179	213,430,615
Cash and cash equivalents at beginning of year	366,620,036	153,189,421	366,620,036	153,189,421
Cash and cash equivalents at end of year (Note 7)	368,353,215	366,620,036	368,353,215	366,620,036

Supplementary disclosures of cash flows information

Non-cash related transactions

Other payables for purchases of machinery and equipment

and retention

15,632,146 21,680,130 15,632,146 21,680,130

Acquisition of right-of-use assets under lease contracts

260,666 - 260,666 -

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

President Bakery Public Company Limited

Notes to financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, 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 Company operates. The Company’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

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.

3. New financial reporting standards

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

During the year, the Company 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 Company's financial statements. However, the new standard involves changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The impact of the adoption of these standards on the Company's financial statements is as follows:

- Classification and measurement of non-listed equity investments - The Company has decided to measure these investments at fair value and classify them as financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.
- Classification and measurement of investments in available-for-sale equity securities - The Company has elected to irrevocably classify these investments as financial assets at fair value through other comprehensive income.
- Classification and measurement of investments in available-for-sale debt securities - The Company has decided to classify these investments as financial assets at amortised cost or fair value through other comprehensive income or fair value through profit or loss based on their characteristics of the contractual cash flows and the Company's business model on the TFRS 9 transition date.
- Recognition of expected credit losses - The Company recognises an allowance for expected credit losses on its debt instruments measured at amortised cost or fair value through other comprehensive income and it is no longer necessary for a credit-impaired event to have occurred.
- Recognition of derivatives - The Company initially recognises derivatives at their fair value on the contract date and subsequently measures them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The Company recognised the cumulative effect of the adoption of these standards as an adjustment to the retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated.

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

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 Company recognised the cumulative effect of the adoption of this standard 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 is described in Note 4.

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

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

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

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to fair value measurement of unquoted equity investments using the fair value as at 1 January 2020.

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

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

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

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

As described in Note 3 to the financial statements, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to other comprehensive income as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	31 December 2019	The impacts of		1 January 2020
Financial reporting standards related to financial instruments		TFRS 16		
Statement of financial position				
Assets				
Current assets				
Current investments	2,493,595	(2,493,595)	-	-
Other current financial assets	-	2,493,595	-	2,493,595
Non-current assets				
Long-term investments	1,270,805	(1,270,805)	-	-
Other non-current financial assets	-	1,565,923	-	1,565,923
Other long-term investments	129,500	(129,500)	-	-
Right-of-use assets	-	-	27,925	27,925

(Unit: Thousand Baht)

Financial statements in which the equity method is applied
and Separate financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
(continued)				
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under finance lease agreements	11,173	-	(11,173)	-
Current portion of lease liabilities	-	-	21,888	21,888
Non-current liabilities				
Liabilities under finance lease agreements, net of current portion	101	-	(101)	-
Lease liabilities, net of current portion	-	-	17,311	17,311
Deferred tax liabilities	-	33,124	-	33,124
Shareholders' equity				
Other comprehensive income	10,173	132,494	-	142,667

4.1 Financial instruments

- a) Details of the impact on accumulated other comprehensive income as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied and Separate financial statements
Fair value measurement of investments in equity instruments of non-listed companies	165,618
Less: Deferred tax liabilities	(33,124)
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	132,494

- b) 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)

	Financial statements in which the equity method is applied and Separate financial statements			
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
	Financial assets as at 1 January 2020			
Cash and cash equivalents	366,620	-	-	366,620
Trade and other receivables	944,715	-	-	944,715
Other current financial assets	2,493,595	-	582,440	1,911,155
Restricted bank deposits	36,348	-	-	36,348
Other non-current financial assets	1,400,305	190,342	1,375,581	-
Total financial assets	5,241,583	190,342	1,958,021	3,258,838

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Directors

4.2 Leases

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

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	19,212
Less: Short-term leases and leases of low-value assets	(876)
Add: Option to extend lease term	14,063
Less: Contracts reassessed as service agreements	(2,679)
Less: Deferred interest expenses	(1,795)
Increase in lease liabilities due to TFRS 16 adoption	<u>27,925</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>11,274</u>
Lease liabilities as at 1 January 2020	<u>39,199</u>
Weighted average incremental borrowing rate (percent per annum)	3.0 - 6.0
Comprise of:	
Current lease liabilities	21,888
Non-current lease liabilities	17,311
	<u>39,199</u>

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

	(Unit: Thousand Baht)
Buildings and building improvement	20,642
Furniture and office equipment	<u>7,283</u>
Total right-of-use assets	<u><u>27,925</u></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.

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

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 and deposits 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

Inventories are valued at the lower of cost (under weighted average basis) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.

Raw and packing materials, spare parts and factory supplies are charged to production costs whenever consumed.

5.4 Investment in joint venture

Investment in joint venture is accounted for the financial statements in which the equity method is applied using the equity method.

Investment in joint ventures is accounted for in the separate financial statements using the cost method.

5.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives of assets, except for computer equipment acquired since 1 January 2002 calculated by double declining balance basis, as follows:

Buildings and improvements	-	10 - 20 years
Machinery and equipment	-	5 - 20 years
Computer equipment	-	3 - 5 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 years

No depreciation is provided on land, construction in progress and assets under installation.

Depreciation is included in determining income.

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.

5.6 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, 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, except for computer software acquired since 1 January 2002 to 31 December 2015 calculated by double declining balance basis and since 1 January 2016 calculated by straight-line basis, and tested for impairment whenever there is an indication that the intangible asset 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 - 5 years

The amortisation is included in determining income.

5.7 Assets held for sale

Assets held for sale are stated at the lower of cost and estimated net realisable value.

Gain (loss) on disposal of assets held for sale are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in profit or loss in the statements of comprehensive income.

5.8 Related party transactions

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

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

5.9 Leases

At inception of contract, the Company 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 Company as a lessee

Accounting policies adopted since 1 January 2020

The Company 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 Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, 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.

Buildings and improvements	3	years
Furniture and office equipment	3	years

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

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company'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.

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.

Land leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the lease period of 6 years.

The amortisation is included in determining income.

5.10 Foreign currencies

The 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 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.

5.11 Impairment of non-financial assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and right-of-use 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 Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.12 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 and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and death. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee 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 post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

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 Company recognises restructuring-related costs.

5.13 Provisions

Provisions are recognised when the Company 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.

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.15 Financial instruments

Accounting policies adopted since 1 January 2020

The Company 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 Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company 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 FVOCI (debt instruments)

The Company measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and selling 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.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

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 Company 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 Company'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 Company takes into account any discounts or premiums on acquisition and 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 Company has transferred substantially all the risks and rewards of the asset, or the Company 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 Company 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 Company 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 Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company 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 accounts receivable

Trade accounts receivable 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.

Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

5.16 Derivatives

The Company uses derivatives, such as forward currency contract to hedge its foreign currency risks.

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

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

5.17 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 Company 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 Company measures fair value using valuation techniques 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 observable 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 Company 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. Significant judgements and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Company as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Company as a lessee

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimated 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 records impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit 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.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Cash	982	1,127
Bank deposits	<u>367,371</u>	<u>365,493</u>
Total	<u><u>368,353</u></u>	<u><u>366,620</u></u>

As at 31 December 2020, bank deposits in current and savings accounts and fixed deposits, carried interests between 0.05 and 0.50 percent per annum (2019: between 0.37 and 1.30 percent per annum).

8. Short-term investments

As at 31 December 2019, short-term investments consisted of the following:

	(Unit: Thousand Baht)
	<u>2019</u>
Special savings account 4 - 6 months	220,000
Fixed deposits	602,439
Deposit receipt and government bond	1,000,000
Saving deposits and short-term investments in private funds (Note 14)	<u>671,155</u>
Total	<u><u>2,493,594</u></u>

As at 31 December 2019, savings account, fixed deposits, deposit receipt, government bond and corporate bond carried interests between 0.10 and 3.48 percent per annum.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	<u>354</u>	<u>337</u>
Total trade receivables - related party	<u>354</u>	<u>337</u>
<u>Trade receivables - unrelated parties</u>		
Not yet due	431,796	531,943
Past due		
Up to 3 months	311,692	390,258
3 - 6 months	-	4
6 - 12 months	<u>13</u>	<u>-</u>
Total trade receivables - unrelated parties	<u>743,501</u>	<u>922,205</u>
Total trade receivables	<u>743,855</u>	<u>922,542</u>
<u>Other receivables</u>		
Other receivables - related party	180	150
Other receivables - unrelated parties	3,041	2,705
Accrued income	<u>-</u>	<u>19,318</u>
Total other receivables	<u>3,221</u>	<u>22,173</u>
Total trade and other receivables	<u><u>747,076</u></u>	<u><u>944,715</u></u>

10. Inventories

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Finished goods	4,179	4,301
Work in process	4,041	4,350
Raw materials	79,993	80,374
Packaging materials	37,242	39,369
Spare parts and factory supplies	42,857	45,857
Total	<u>168,312</u>	<u>174,251</u>

11. Related party transactions

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

	(Unit: Million Baht)		
	<u>2020</u>	<u>2019</u>	<u>Transfer pricing and lending policy</u>
Transactions with parent company			
Dividend payment	479.6	388.4	At the declared rate
Transactions with related companies			
Purchases of goods	507.8	478.6	Agreed price which approximates the market price by reference to purchase volume
Interest expenses under finance lease agreements	-	0.3	At the agreed rate in the agreement which approximates the market rate
Dividend payment	216.7	174.2	At the declared rate
Dividend income	4.8	6.6	At the declared rate
Transactions with joint venture			
Sales of goods	2.5	3.2	Agreed price which approximates the market price
Service income	2.7	2.9	Agreed price which approximates the market price
Rental income	0.6	0.4	Agreed price which approximates the market price
Dividend income	2.0	5.2	At the declared rate
Transactions with related persons			
Interest expenses	-	1.6	Interest at the rate of 2.5% per annum

The balances of accounts as at 31 December 2020 and 2019 between the Company and those related persons or parties are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Trade and other receivables - related party (Note 9)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	534	487
Total trade and other receivables - related party	<u>534</u>	<u>487</u>
Trade and other payables - related parties (Note 19)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	128,411	130,022
Connected companies (related by connected directors)	4,799	1,624
Total trade and other payables - related parties	<u>133,210</u>	<u>131,646</u>

Directors' and management's remuneration

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

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	57.2	51.6
Post-employment benefits and other long-term benefits	1.4	1.8
Total	<u>58.6</u>	<u>53.4</u>

12. Investment in joint venture

12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			31	31	31	31	31	31
		Million Baht	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
			Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	29,819	28,424	5,850	5,850
Total investment in joint venture					<u>29,819</u>	<u>28,424</u>	<u>5,850</u>	<u>5,850</u>

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and dividend income in the separate financial statements in which cost method is applied as follows:

Joint venture	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investment in joint venture during the years		Share of other comprehensive income from investment in joint venture during the years		Dividend received during the years	
	2020	2019	2020	2019	2020	2019
President Green House Foods Company Limited	3,443	4,124	-	149	2,048	5,206
Total	3,443	4,124	-	149	2,048	5,206

12.3 Summarised financial information of joint venture

Summarised information about financial position

	As at 31 December	
	2020	2019
President Green House Foods Company Limited		
Cash and cash equivalents	21.0	10.3
Other current assets	61.7	66.6
Non-current assets	21.7	9.3
Other current liabilities	(19.3)	(12.0)
Non-current liabilities	(8.7)	(1.3)
Net assets	76.4	72.9
Shareholding percentage	39%	39%
Share of net assets	29.8	28.4
Carrying amounts of joint venture based on equity method	29.8	28.4

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
President Green House Foods Company Limited		
Sales and service income	77.4	104.2
Other income	1.4	1.9
Depreciation and amortisation	1.5	3.7
Interest income	0.7	1.0
Income tax expenses	2.0	2.5
Profit	8.8	10.6
Other comprehensive income	-	0.4
Total comprehensive income	8.8	11.0

13. Other financial assets

(Unit: Thousand Baht)

31 December 2020

<u>Debt instruments at amortised cost</u>	
Fixed deposits	3,305,771
Total debt instruments at amortised cost	3,305,771
<u>Debt instruments at FVOCI</u>	
Bank of Thailand bond	832,612
Corporate bond, note or debt instruments	576,718
Total debt instruments at FVOCI	1,409,330
<u>Equity instruments designated at FVOCI</u>	
Listed equity instrument	
PTT Public Co., Ltd.	19,452
Airports of Thailand Public Co., Ltd.	11,333
Others	197,606
Non-listed equity instrument	
President Flour Mills Co., Ltd.	223,404
Saha Capital Tower Co., Ltd.	110,000
Other	23,258
Unit trust	18,916
Total equity instruments designated at FVOCI	603,969
Total other financial assets	5,319,070
Classified as:	
Other current financial assets	3,826,171
Other non-current financial assets	1,492,899
Total other current financial assets	5,319,070

	(Unit: Million Baht)	
	31 December 2020	
	Cost	Fair value
Financial assets		
Quoted debt investments	1,396	1,409
Non-listed equity investments	202	357
Listed equity investments	217	228
Unit trust investments	21	19
Total	1,836	2,013

Equity instruments designated at FVOCI include listed and non-listed equity investments which the Company considers these investments to be strategic in nature.

During the year 2020, the Company sold its equity interest in some listed equity investment as this investment no longer coincides with the Company's investment strategy. The fair value on the date of sale was totaling of Baht 320 million and the accumulated losses recognised in other comprehensive income of Baht 5.2 million was transferred to retained earnings.

In 2020, the Company received dividends in the amount of Baht 2.8 million from listed equity investments.

On 17 September 2019, the meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 2,000,000 ordinary shares of Saha Capital Tower Co., Ltd., which is engaged in property rental and development business at par value of Baht 100 per share, amounting to Baht 200 million, or equivalent to 10% interest, and has treated this investment as equity instruments designated at FVOCI. Saha Capital Tower Co., Ltd. called up 55 percent of its registered share capital and the Company made payment for share subscription of Baht 50 million in September 2019 and Baht 60 million in March 2020.

In June 2020, the Company purchased 1 ordinary share of XET Company Limited, which operates an international school business, at par value of Baht 100 per share, amounting to Baht 100. On 20 July 2020, the meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase of additional 99,999 ordinary shares in this company at par value of Baht 100 per share, amounting to Baht 9,999,900 and the Company made payment for the shares in July 2020. As a result, the Company's total investment in this company is 100,000 ordinary shares with a par value of Baht 100 per share, amounting to Baht 10,000,000, or equivalent to 0.72% interest. The investment has been classified as an investment in equity instruments designated at fair value through other comprehensive income.

During the year 2020, the Company received dividend income of Baht 4.8 million from President Flour Mills Company Limited (2019: Baht 6.6 million).

14. Investments in private funds

	(Unit: Thousand Baht)	
	31 December 2019	
	Cost/ Carrying value	Fair value
Deposits at financial institutions		
Savings deposits	11,715	11,715
Fixed deposits	77,000	77,000
Investments in fixed deposits at financial institutions	88,715	88,715
Available-for-sale securities		
Bank of Thailand bond	613,498	616,059
Corporate bonds, notes or debt instruments	1,149,219	1,159,159
Local marketable equity instruments	77,812	78,027
Total	1,840,529	1,853,245
Add: Gain from revaluation surplus on changes in value of investments	12,716	-
Investments in available-for-sale securities	1,853,245	1,853,245
Total investments	1,941,960	1,941,960
Classified as:		
Savings deposits (Note 8)		11,715
Short-term investments (Note 8)		659,440
Long-term investments		1,270,805
Total investments		1,941,960

Movements in short-term and long-term investments in private funds for the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	<u>2019</u>
Balance at beginning of year	1,187,300
Purchases during the year - at cost	
Cash paid for investments	3,607,537
Payable for investments	924
Sales during the year - at cost	
Proceeds from sales	(2,885,301)
Receivable from sales	(2,125)
Gain on sales	5,221
Total	(2,882,205)
Premium on securities	(1,758)
Gain on changes in value of investments	18,447
Balance at end of year	<u>1,930,245</u>

The Company had set up private funds for investments which are managed by six asset management companies. The investments include fixed deposits at financial institutions, common stocks of companies listed on the Stock Exchange of Thailand, Bank of Thailand bonds and corporate bonds, which carried interests as at 31 December 2019 between 0.10 and 4.80 percent per annum. Investments in debt and equity instruments are classified as available-for-sale investments. During the year 2019, the Company recognised return on such investments of Baht 39.4 million in profit or loss.

As at 31 December 2019, the Company had assessed the fair value of available-for-sale securities by referring to the value quoted by such six asset management companies in which the fair value had increased by approximately Baht 18.4 million. The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

15. Other long-term investments

Company's name	Nature of business	Paid up capital	Shareholding percentage	Investment value (cost)
		<u>2019</u> Million Baht	<u>2019</u> Percent	<u>2019</u> Thousand Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	10.0	60,000
Saha Capital Tower Co., Ltd.	Property rental and development business	500	10.0	50,000
American Food Co., Ltd.	Production and distribution of ice-cream	140	9.0	12,600
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	325	2.2	6,900
Treasure Hill Co., Ltd.	Golf course service	200	1.0	2,000
Total				131,500
Less: Allowance for impairment of investments				(2,000)
Other long-term investments - net				<u>129,500</u>

According to the financial statements for the year ended 31 December 2019 prepared by the management of Treasure Hill Co., Ltd., the net worth attributable to the Company's investment was approximately Baht 0.1 million. The Company expects that this investment will not be recoverable and has set full allowance for impairment loss of such investment.

During the year ended 31 December 2019, the Company received dividend income from President Flour Mills Co., Ltd. of Baht 6.6 million.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
Cost							
1 January 2019	1,047,487	1,905,267	4,584,941	952,573	1,025,225	18,627	9,534,120
Additions	59,977	-	5,869	19,999	91	149,175	235,111
Transfers in (out)	-	51,055	18,631	11,387	33,122	(114,195)	-
Disposals	-	-	-	(3,404)	(13,567)	-	(16,971)
31 December 2019	1,107,464	1,956,322	4,609,441	980,555	1,044,871	53,607	9,752,260
Additions	58,000	-	910	20,719	-	27,670	107,299
Transfers in (out)	-	-	18,726	7,947	11,397	(38,070)	-
Disposals	-	-	(34,744)	(16,699)	(11,974)	-	(63,417)
31 December 2020	1,165,464	1,956,322	4,594,333	992,522	1,044,294	43,207	9,796,142
Accumulated depreciation							
1 January 2019	-	607,239	2,959,362	771,889	908,698	-	5,247,188
Depreciation for the year	-	94,148	302,689	70,895	57,693	-	525,425
Depreciation - disposals	-	-	-	(2,836)	(13,051)	-	(15,887)
31 December 2019	-	701,387	3,262,051	839,948	953,340	-	5,756,726
Depreciation for the year	-	95,413	280,354	59,181	44,926	-	479,874
Depreciation - disposals	-	-	(34,744)	(15,174)	(11,974)	-	(61,892)
31 December 2020	-	796,800	3,507,661	883,955	986,292	-	6,174,708
Net book value							
31 December 2019	1,107,464	1,254,935	1,347,390	140,607	91,531	53,607	3,995,534
31 December 2020	1,165,464	1,159,522	1,086,672	108,567	58,002	43,207	3,621,434
Depreciation for the year							
2019 (Baht 427 million included in manufacturing cost, and the balance included in selling and administrative expenses)							525,425
2020 (Baht 391 million included in manufacturing cost, and the balance included in selling and administrative expenses)							479,874

As at 31 December 2019, the Company has vehicles acquired under finance lease agreement, with net book value amounting to Baht 60 million.

As at 31 December 2020, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 3,552.2 million (2019: Baht 2,874.4 million).

As at 31 December 2020, the Company has plant and equipment which was held for sales, with net book value amounting to Baht 0.3 million (2019: Baht 0.3 million). Therefore, such assets are transferred out to be presented as other current assets in the statement of financial position.

17. Intangible assets

Details of intangible assets, which are computer software, are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Cost		
Balance - beginning of year	33,826	32,569
Additions	<u>2,457</u>	<u>1,257</u>
Balance - end of year	36,283	33,826
Less: Accumulated amortisation	<u>(25,129)</u>	<u>(23,159)</u>
Net book value	<u><u>11,154</u></u>	<u><u>10,667</u></u>
Amortisation expenses included in the statements of comprehensive income	<u><u>1,970</u></u>	<u><u>2,426</u></u>

18. Leasehold rights

	(Unit: Thousand Baht)	
		<u>2019</u>
Cost		
Balance - beginning of year		<u>4,528</u>
Balance - end of year		4,528
Less: Accumulated amortisation		<u>(4,077)</u>
Net book value		<u><u>451</u></u>
Amortisation expenses included in the statements of comprehensive income		<u><u>166</u></u>

19. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Trade payables - related parties	132,925	131,408
Trade payables - unrelated parties	316,623	362,755
Other payables - related party	285	238
Other payables - unrelated parties	110,156	114,842
Other payables for purchases of machinery and equipment	<u>14,316</u>	<u>18,504</u>
Total trade and other payables	<u><u>574,305</u></u>	<u><u>627,747</u></u>

20. Leases

The Company as lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 6 years.

Lease contracts have restriction that the underlying asset must not be subleased or used by others and several lease contracts specify the option to extend or end the lease terms.

20.1 Right-of-use assets

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

	(Unit: Thousand Baht)		
	Buildings and improvements	Furniture and office equipment	Total
1 January 2020 (Note 4)	20,642	7,283	27,925
Additions	125	135	260
Remeasurement/termination	(1,002)	(1,093)	(2,095)
Depreciation for the year	(8,198)	(2,594)	(10,792)
31 December 2020	11,567	3,731	15,298

20.2 Lease liabilities

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Lease payments	16,706	11,375
Less: Deferred interest expenses	(1,087)	(101)
Net	15,619	11,274
Less: Portion due within one year	(9,537)	(11,173)
Lease liabilities - net of current portion	6,082	101

A maturity analysis of lease payments is disclosed in Note 35 under the liquidity risk.

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

(Unit: Thousand Baht)

For the year ended

31 December 2020

Depreciation expense of right-of-use assets	10,792
Interest expense on lease liabilities	809
Expense relating to short-term leases	2,061
Expense relating to variable lease payments	12,681

The Company has lease contracts for office building space that contains variable payments based on sales. The lease term is 1 year.

20.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 37.3 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 0.2 million.

21. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at			
1 January 2019	78,746	6,334	85,080
Included in profit or loss:			
Current service cost	5,225	975	6,200
Interest cost	2,390	117	2,507
Past service costs	1,754	-	1,754
Actuarial loss (gain)			
Demographic assumptions changes	-	(920)	(920)
Financial assumptions changes	-	85	85
Experience adjustments	-	(343)	(343)
Included in other comprehensive income:			
Actuarial loss (gain)			
Demographic assumptions changes	5,613	-	5,613
Financial assumptions changes	(6,118)	-	(6,118)
Experience adjustments	23,931	-	23,931
Benefits paid during the year	(17,274)	(1,100)	(18,374)
Provision for long-term employee benefits as at			
31 December 2019	94,267	5,148	99,415
Included in profit or loss:			
Current service cost	5,922	930	6,852
Interest cost	1,332	64	1,396
Benefits paid during the year	(11,267)	(294)	(11,561)
Provision for long-term employee benefits as at			
31 December 2020	90,254	5,848	96,102

The Company expects to pay Baht 14.7 million of long-term employee benefits during the next year (2019: Baht 10.3 million).

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for long-term employee benefits are summarised below.

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Employee retirement benefits (depending on category of employees and type of benefits)	11-12	11-12
Other long-term employee benefits (depending on category of employees)	11-12	11-12

Significant actuarial assumptions are summarised below.

	<u>2020</u>	<u>2019</u>
	(% per annum) (% per annum)	
Discount rate (depending on category of employees and type of benefits)	1.16 - 1.45	1.22 - 1.24
Salary increase rate (depending on category of employees)	2 - 3	2 - 3

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			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(5.9)	6.7	3.9	(3.5)
Other long-term employee benefits	(0.1)	0.1	-	-

	(Unit: Million Baht)			
	As at 31 December 2019			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(6.2)	7.0	3.6	(3.3)
Other long-term employee benefits	(0.2)	0.2	-	-

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company had additional long-term employee benefit liabilities of Baht 1.8 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the profit or loss of the year 2019.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 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.

23. Other income

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Dividend income from investments	7,622	8,280	7,622	8,280
Gain on sales of FVOCI debt instruments	7,236	-	7,236	-
Gain on sales of FVTPL debt instruments	623	-	623	-
Gain on sales of available-for-sale investments	-	5,221	-	5,221
Gain on exchange	27	2,441	27	2,441
Other income	26,952	24,368	28,999	29,574
Total	42,460	40,310	44,507	45,516

24. Finance income

(Unit: Thousand Baht)

	Financial statements in			
	which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest income on debt instruments measured at amortised cost	37,136	39,699	37,136	39,699
Interest received from debt instruments at FVOCI	23,271	24,639	23,271	24,639
Total	60,407	64,338	60,407	64,338

25. Finance cost

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Interest expenses on lease liabilities	809	3,628
Total	809	3,628

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Raw materials and consumables used	2,478,299	2,744,016
Changes in inventories of finished goods and work in process	431	3,372
Salaries and wages and other employee benefits	1,608,190	1,678,105
Depreciation and amortisation	492,803	528,018
Fuel and vehicle related expenses	217,033	286,461
Water and electricity expenses	189,024	204,472
Natural gas expenses	46,636	63,134

27. Income tax

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

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Current income tax:		
Current income tax charge	199,405	207,772
Adjustment in respect of income tax of previous year	18,099	-
Deferred tax:		
Relating to origination and reversal of temporary differences	865	2,783
Income tax expenses reported in the profit or loss	<u>218,369</u>	<u>210,555</u>

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)	
	<u>2020</u>	<u>2019</u>
Deferred tax relating to:		
Loss on changes in value of financial asset measured at FVOCI	(749)	-
Gain on changes in value of available-for-sale investments	-	3,690
Actuarial loss	-	(3,008)
	<u>(749)</u>	<u>682</u>

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

(Unit: Thousand Baht)

	Financial statements in which the			
	equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>1,897,034</u>	<u>1,911,295</u>	<u>1,895,639</u>	<u>1,912,377</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	379,407	382,259	379,128	382,475
Adjustment in respect of income tax of previous year	18,099	-	18,099	-
Effects of:				
Promotional privileges (Note 30)	(178,815)	(174,433)	(178,815)	(174,433)
Non-deductible expenses	11,609	12,984	11,609	12,984
Additional expense deductions allowed	(10,282)	(8,110)	(10,282)	(8,110)
Income not subject to tax	(1,649)	(2,145)	(1,370)	(2,361)
Total	<u>(179,137)</u>	<u>(171,704)</u>	<u>(178,858)</u>	<u>(171,920)</u>
Income tax expenses reported in the profit or loss	<u>218,369</u>	<u>210,555</u>	<u>218,369</u>	<u>210,555</u>

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	<u>31 December 2020</u>	<u>31 December 2019</u>
Deferred tax assets		
Accumulated depreciation - plant and equipment	-	135
Provision for long-term employee benefits	11,503	12,055
Total	<u>11,503</u>	<u>12,190</u>
Deferred tax liabilities		
Gain on changes in value of financial asset measured at FVOCI	34,918	-
Gain on changes in value of available-for-sale investments	-	2,543
Accumulated depreciation - plant and equipment	128	-
Lease	50	-
Total	<u>35,096</u>	<u>2,543</u>
Deferred tax assets (liabilities) - net	<u>(23,593)</u>	<u>9,647</u>

28. Earnings per share

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

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the year (Thousand Baht)	1,678,665	1,700,740	1,677,270	1,701,822
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	3.73	3.78	3.73	3.78

29. Dividend payments

During the years ended 31 December 2020 and 2019, the Company had dividend payments as follows:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
For the year 2020				
Interim dividend on profit for the last six-month period ended 2019	The meeting of the Company's Board of Directors No. 4 /2020 on 8 April 2020	490,500	1.09	7 May 2020
Interim dividend on profit for the last six-month period ended 30 June 2020	The meeting of the Company's Board of Directors No. 9 /2020 on 17 August 2020	432,000	0.96	16 September 2020
Total dividend payments for 2020		<u>922,500</u>	<u>2.05</u>	
For the year 2019				
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	382,500	0.85	24 May 2019
Interim dividend on profit for the six-month period ended 30 June 2019	The meeting of the Company's Board of Directors No. 8/2018 on 20 August 2019	364,500	0.81	19 September 2019
Total dividend payments for 2019		<u>747,000</u>	<u>1.66</u>	

30. Promotional privileges

The Company has received the promotional privileges from the Board of Investment under the Investment Promotion Act B.E. 2520 as follows:

Certificate No.	1343(2)/2555	2218(2)/2557
Date	22 March 2012	25 September 2014
1. Promotional privileges for	Manufacture of bakery products	Manufacture of whole grain products
2. Significant privileges		
2.1 Exemption from import duty on approved machinery	Granted	Granted
2.2 Exemption from corporate income tax on net income from promoted operation (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the operations on which the corporate income tax is exempted throughout the corporate income tax exemption period	8 years (not over 100 percent of investment excluding land and working capital)	8 years (not over 100 percent of investment excluding land and working capital)
2.3 Allowance to deduct operating loss incurred during the corporate income tax exemption period from net income incurred thereafter (after exemption period in 2.2)	5 years	5 years
3. Commencing date	1 June 2017	1 October 2014

Sales of the Company are derived from domestic sales which could be segregated between promoted and non-promoted operations as follows:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Sales		
Promoted operations	2,974	3,092
Non-promoted operations	<u>4,169</u>	<u>4,652</u>
Total sales	<u><u>7,143</u></u>	<u><u>7,744</u></u>

31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by Tisco Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2020, the Company recognised the contributions of Baht 27.8 million (2019: Baht 27.6 million) as expenses.

32. Operating 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 Managing Director.

The one main reportable operating segment of the Company is manufacture and sales of bakery products and the single geographical area of its operations is Thailand. The distribution channels are through wholesale and retail. The wholesale for the year ended 31 December 2020 amounted to approximately Baht 6,572 million, or 92.0% of total sales (2019: Baht 7,058 million, or 91.1% of total sales). The Company's sales were from a main local customer, representing about 47.8% of total sales (2019: 49.3% of total sales). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2020, the Company had capital commitments in respect of procurement agreements for production machinery and equipment of approximately AUD 0.03 million and USD 0.01 million, totaling approximately Baht 0.8 million (2019: Baht 5.3 million and AUD 0.03 million, totaling approximately Baht 5.9 million).

33.2 Short-term lease and other service commitments

The Company and the joint venture have entered into several short-term lease contracts and related services. The terms of the agreements are generally between 1 and 2 years.

As at 31 December 2020, future lease and service fees payables under these lease and service contracts were as follows:

	(Unit: Million Baht)	
	The Company	Joint venture
<u>Payable:</u>		
Within 1 year	2.1	4.5
1 to 2 years	0.1	1.3
Total	<u>2.2</u>	<u>5.8</u>

33.3 Long-term service commitments

The joint venture entered into the license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2020 amounted to approximately Baht 1.8 million (2019: Baht 2.3 million).

33.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for a period of 1 - 5 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period (Years)	Expired date	Average minimum quantity purchase (Million BTU)
1.	1	30 November 2021	47,986 per annum
2.	1	30 November 2021	26,256 per annum
3.	5	31 December 2023	296 per day

33.5 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 65.3 million (2019: Baht 29.0 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 36.3 million (2019: Nil) to guarantee tax installment payments, Baht 26.0 million (2019: Baht 26.0 million) to guarantee electricity use, and Baht 3.0 million (2019: Baht 3.0 million) to guarantee contractual performance under the natural gas purchase agreement.

Moreover, the Company already released of a fixed deposit of Baht 36.3 million that the Company pledged with the Revenue Department as a guarantee for a retrospective tax assessment, after the Supreme Court dismissed the petition made and refused to hear the appeal. The Company therefore has to pay tax in the amount assessed, which was Baht 36.3 million.

33.6 Litigation

In March 2020, the Company was sued by the Department of Empowerment of Persons with Disabilities seeking to have the Company pay to the fund for Empowerment of Persons with Disabilities, including interest in total amount of Baht 7.7 million. Currently, the case is in the process of consideration by the Court.

34. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had the assets that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed equity instrument	247,307	-	-	247,307
Debt instrument	-	1,409,330	-	1,409,330
Non-listed equity instrument	-	-	356,662	356,662

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements		
	2019		
	Level 1	Level 2	Total
Assets measured at fair value			
Available-for-sale investments			
Equity instruments		78,027	78,027
Debt instruments		-	1,775,218

35. Financial instruments

35.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investments in debt and equity instruments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

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 Company classifies customer segments by customer type and rating. 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. Generally, trade receivables are past due not more than one year.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a monthly basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks and companies with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising interest rate risk and currency risk. The Company enters into derivatives to manage its risk exposure that are foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods and equipment.

Foreign currency risk

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

The balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2020</u> (Thousand)	<u>2019</u> (Thousand)	<u>2020</u> (Baht per 1 foreign currency unit)	<u>2019</u>
Japanese yen	15,012	6,011	0.2945	0.2796
US dollar	750	1,016	30.2068	30.3313
Euro	33	138	37.2578	34.0846

As at 31 December 2020 and 2019, the Company does not have forward contract.

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in Japanese yen, US dollar and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Change in FX rate (%)	Effect on profit before tax (Thousand Baht)
Japanese yen	+11.9	(526)
	- 11.9	526
US dollar	+11.0	(2,492)
	- 11.0	2,492
Euro	+11.1	(136)
	-11.1	136

The information is not a forecast or prediction of future market conditions.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks. 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.

As at 31 December 2020						
Fixed interest rates						Effective interest rate
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total		
Million Baht						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	342	26	368	0.05 - 0.50
Other current financial assets	3,750	-	76	-	3,826	0.10 - 4.90
Trade and other receivables	-	-	-	747	747	-
Other non-current financial assets	-	889	-	604	1,493	0.56 - 5.11
	<u>3,750</u>	<u>889</u>	<u>418</u>	<u>1,377</u>	<u>6,434</u>	
Financial liabilities						
Trade and other payables	-	-	-	574	574	-
Liabilities under lease agreements	10	6	-	-	16	4.00 - 6.01
	<u>10</u>	<u>6</u>	<u>-</u>	<u>574</u>	<u>590</u>	
As at 31 December 2019						
Fixed interest rates						Effective interest rate
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total		
Million Baht						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	345	22	367	0.37 - 1.30
Short-term investments	2,482	-	12	-	2,494	0.10 - 3.48
Trade and other receivables	-	-	-	944	944	-
Restricted bank deposit	36	-	-	-	36	1.95
Long-term investments	-	1,193	-	78	1,271	1.20 - 4.80
	<u>2,518</u>	<u>1,193</u>	<u>357</u>	<u>1,044</u>	<u>5,112</u>	
Financial liabilities						
Trade and other payables	-	-	-	628	628	
Liabilities under finance lease agreements	11	-	-	-	11	3.00 - 4.70
	<u>11</u>	<u>-</u>	<u>-</u>	<u>628</u>	<u>639</u>	

Liquidity risk

The Company manages liquidity risk to meet its obligations and maintain cash balances to cover the liquidity needs. The Company has assessed that the Company has sufficient working capital to settle financial liabilities and concluded the risk to be low.

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

	(Unit: Thousand Baht)		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	574,305	-	574,305
Lease liabilities	10,171	6,535	16,706
Total non-derivatives	584,476	6,535	591,011

35.2 Fair values of financial instruments

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

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

- For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts in the statement of financial position approximate their fair value.
- The fair value of debt securities is generally derived from quoted market prices or by using the yield curve announced by the Thai Bond Market Association or by other relevant bodies.
- The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company 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.

35.3 Reconciliation of recurring fair value measurements, of financial assets, categorised within Level 3 of the fair value hierarchy.

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and
Separate financial statement
Non-listed equity instrument

Balance as of 1 January 2020	129,500
Adjustment from adoption of financial reporting standards relating to financial instruments (Note 4)	165,618
Balance as of 1 January 2020 - as adjusted	295,118
Acquired during the year	70,000
Net loss recognised into other comprehensive income	(8,456)
Balance as of 31 December 2020	356,662

Key assumptions used in the valuation are summarised below.

Financial instrument	Valuation technique	Significant unobservable output	Rates
Non-listed equity instrument	Discounted cash flow	Weighted average cost of capital	7.88%

(Unit: Million Baht)

	Sensitivity of the input to fair value			
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Fair value	(1.7)	1.7	(3.4)	3.5

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio was 0.11:1 (2019: 0.13:1).

37. Reclassification

The Company reclassified the following amounts in the statements of comprehensive income for the year ended 31 December 2019 to conform with the current period's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

(Unit: Thousand Baht)

Financial statements in which
the equity method is applied and
separate financial statements

For the year ended 31 December 2019

	As reclassified	As previously reported
Statements of comprehensive income		
Selling and distribution expenses	1,496,593	1,349,224
Administrative expenses	297,813	445,182

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2021.