

**CPL GROUP PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**1. General Information**

**1.1 Company Information**

CPL Group Public Company Limited (“the Company”) is a juristic person incorporated in Thailand which was registered as a public company limited in accordance with Public Limited Companies Act. The address of the registered head office of the Company locates at 700 Moo 6 Sukhumvit Road, Bangpoo-Mai, Mueang Samutprakan, Samutprakan, Thailand.

The Company was listed on the Stock Exchange of Thailand on 19 December 1994.

The Company has operations and principal activities to engage in businesses of manufacturing and distribution of leather products, rendering of tanning service and manufacturing and distribution of personal protective equipment.

As at 31 December 2020 and 2019, the major shareholder of the Company is Wongcharoensin Group.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and 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 Preparing the Interim Financial Report**

- 2.1 These financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King and applicable rules and regulations of the Securities and Exchange Commission.
- 2.2 The classification in the financial statements is in compliance with the Notification of the Department of Business Development regarding mandatory summary items in a financial statement.

- 2.3 In order to prepare the financial statements to comply with financial reporting standards, the Company's management had to make some estimates and assumptions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 2.4 The financial statements in Thai language is the official statutory financial statements of the Company. The financial statements in English language has been translated from the financial statements in Thai language.

### **3. Applied New and Revised Financial Reporting Standards**

#### **3.1 Financial reporting standards that became effective in the current year**

The Company has adopted the revised and new financial reporting standards and interpretation, which are effective for fiscal periods 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. The adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 January 2020 as in Note 4.6 and 4.13.

The Company has adopted these financial reporting standards from 1 January 2020 under the modified retrospective approach and the comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies are therefore recognised in the statement of financial position as at 1 January 2020. However, the Company did not perform the adjustment with the retained earnings as at 1 January 2020. There is no effect of the change in accounting policies due to the adoption these financial reporting standards on the adjustment of retained earnings as at 1 January 2020.

### Impacts on the Financial Statements

The impact of first-time adoption of new financial reporting standards on the statement of financial position as at 1 January 2020 are as follows:

	As at 31 December 2019	TFRS 16	(Unit : Baht) As at 1 January 2020
<b>Statement of Financial Position</b>			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	637,825,133.60	(39,391,357.28)	598,433,776.32
Right-of-Use Assets	-	83,624,665.40	83,624,665.40
<u>Current Liabilities</u>			
Lease Liabilities Current Portion	10,247,970.43	7,806,133.42	18,054,103.85
<u>Non-Current Liabilities</u>			
Lease Liabilities	15,667,531.13	36,427,174.70	52,094,705.83

#### 3.1.1 Financial Instruments

##### Classification and Measurement

As at 1 January 2020 (the date of initial application), the Company's management has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities as below.

	Fair value through profit or loss	Amortised cost	(Unit : Baht) Total
<b>As at 1 January 2020</b>			
<u>Financial Assets</u>			
Cash and Cash Equivalents	-	42,353,886.80	42,353,886.80
Trade and Other Current Receivables	-	240,153,573.40	240,153,573.40
Other Current Assets	-	184,319.91	184,319.91
Long-Term Loans to Employees	-	327,610.00	327,610.00
Total	-	283,019,390.11	283,019,390.11

			(Unit : Baht)
	Fair value through profit or loss	Amortised cost	Total
<u>Financial Liabilities</u>			
Defaulted Liabilities	-	21,562,032.28	21,562,032.28
Overdrafts and Short-Term Borrowings			
from Financial Institutions	-	779,218,169.46	779,218,169.46
Trade and Other Current Payables	-	295,992,796.95	295,992,796.95
Short-Term Borrowings	-	60,000,000.00	60,000,000.00
Long-Term Borrowings	-	75,105,000.00	75,105,000.00
Lease Liabilities	-	25,915,501.56	25,915,501.56
Total	-	1,257,793,500.25	1,257,793,500.25

Financial assets and liabilities measured at amortised cost approximate fair value.

#### Impairment of financial assets

##### Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced. The Company's management has considered that the recognition of credit of Trade receivables losses does not have any significant impact on the adjustment of retained earnings as at 1 January 2020.

#### 3.1.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17 Leases. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using incremental borrowing rates. The borrowing rates applied to the lease liabilities as at 1 January 2020 was ranged between 3.58% to 4.18%.

The lease liabilities as at 1 January 2020 can be reconciled to the operating lease commitments disclosed applying TAS 17 as at 31 December 2019, as follows:

(Unit : Baht)

Operating lease commitments disclosed	
as at 31 December 2019	26,351,738.98
<u>Less</u> Short-Term Leases Recognised on a Straight-line Basis as Expenses	(647,542.86)
<u>Add</u> Purchase or Extension Options Reasonably Certain to be Exercised	25,344,525.15
<u>Less</u> Contracts Reassessed as Service Agreements	(976,864.59)
<u>Less</u> Deferred Interest Expenses	(5,838,548.56)
Additional Lease Liabilities from TFRS 16 Adoption	44,233,308.12
Finance Lease Liabilities as at 31 December 2019	25,915,501.56
Lease Liabilities Recognised as at 1 January 2020	70,148,809.68
Consist of:	
Current Lease Liabilities	18,054,103.85
Non-Current Lease Liabilities	52,094,705.83
	70,148,809.68

### 3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

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

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

#### 4. Summary of Significant Accounting Policies

##### 4.1 Measurements Bases used in preparing the Financial Statements

Measurement bases used in preparing the financial statements are historical cost measurement basis and combination of variety measurement bases used. For items that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

##### 4.2 Foreign Currency Transactions

Foreign currency transactions are initially recognized by translated into Thailand Baht using the spot exchange rate at the date of the transaction.

Foreign currency monetary items at the end of period are translated into Thailand Baht using the closing rate.

Exchange rate differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss for the period which the transactions occur.

##### 4.3 Cash and Cash Equivalents

Cash and cash equivalents include financial institution deposits in type of current accounts, savings accounts, and not over than 3 months fixed accounts without guarantee obligation, excluding overdrafts which are presented as current liabilities.

##### 4.4 Trade Receivables

###### Accounting policies adopted since 1 January 2020

Trade receivables It is stated at cost, net of allowance for expected credit losses.

Expected credit loss allowance is disclosed in Note 4.6.

###### Accounting policies applied before 1 January 2020

Trade receivables are stated at the net realizable value.

Allowance for doubtful accounts is estimated from each receivable that is expected to not receive payment.

##### 4.5 Inventories

Inventories are stated at the lower of cost by weighted average method or net realizable value.

The net realizable value is an estimate of the price expected to be sold from the normal course of business, less the costs required to be paid to produce the product until the product is sold.

## 4.6 Financial Instruments

### Accounting policies adopted since 1 January 2020

#### Classification and measurement of financial assets

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are subsequently measured in the following categories:

- Financial assets measured subsequently at amortised cost.
  - Financial assets measured subsequently at fair value through profit or loss or through other comprehensive income.
- 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 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.

#### Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition The Company 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 fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

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

#### Impairment of financial assets

For trade receivables and contract assets, 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 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.

### 4.7 Derivatives

The company uses derivative instruments which are foreign exchange contracts. To hedge the risk of exchange rate fluctuation.

The Company recognizes the initial value of derivatives at their fair value on the contract date. And later measured at fair value the subsequent changes in fair value are recognized in profit or loss. The Company presents derivatives as a financial asset when the fair value is greater than zero and presented as a financial liability when the fair value is less than zero.



The Company presents the derivatives with the remaining contract maturity of more than 12 months and not yet due within 12 months as other non-current assets, or other non-current liabilities and show other derivatives as current assets or current liabilities.

#### 4.8 Investments in Associates

Investments in associates are stated by equity method which is initially recognized at cost and adjusted after the acquisition date by recognition of the Company's share of profit or loss or other comprehensive income of associates in these associates. Distribution or dividend received from associates will be reduced the carrying amount of those investments in associates.

When the Company's share of loss of a associate equals or exceeds the Company's interests in that associate (together with any long-term interests that, in substance, form part of the Company's net investment in that associate), the Company will discontinue recognizing the Company's share of loss in excess of the interests in that associate. After the Company's interests is reduced to zero, the Company will recognize share of additional loss as liabilities only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the Company's associate subsequently reports profit, the Company's will resume recognizing the Company's share of profit only after the share of profit equals the share of loss not recognized.

#### 4.9 Investment Property

Investment property is land and land improvements which the Company has currently held without specific purpose of use in the future and/or to earn rental income or for asset appreciation, is stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives of 10 – 30 years.

#### 4.10 Property, Plant and Equipment

Property, plant and equipment are stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives as follows:

- Buildings and Building Improvements	3 – 20 years
- Machines and Equipment	5 – 20 years
- Tools	5 years
- Fixtures and Office Equipment	3 – 10 years
- Vehicles	5 – 7 years

There is no depreciation for land and land improvement and assets under construction.

Depreciation of assets arising in the period which it is used to produce other asset are capitalized as part of cost of that other asset which will cease the capitalization when that other asset is ready for intended use.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably.

Repair and maintenance are recognized as expenses in profit or loss for the period in which they are incurred.

The carrying amount of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of property, plant and equipment is the difference between the net disposal proceeds (if any) and the carrying amount of that asset and recognized in profit or loss when that asset is derecognized.

#### 4.11 Intangible Assets

Intangible assets which are separately acquired with definite useful lives are stated at initial cost deducted by the accumulated amortization and the accumulated impairment loss (if any).

Amortization is calculated on a straight-line method over the approximate useful life of 5 years.

#### 4.12 Impairment of Assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In

determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that 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.

#### 4.13 Leases

Leases - where the Company is the lessee

At inception of a contract, the Company assesses whether the 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 recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs and estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentive received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company uses the Company incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed payments including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;

- the exercise price, under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period; and
- payments of penalties for early termination of a lease if the Company is reasonably certain to terminate early.

To apply a cost model, the Company measures the ROU asset at cost, less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liability. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. However, if the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the ROU asset reflects that the Company will exercise a purchase option, the Company depreciates the ROU asset from the commencement date to the end of the useful life of the underlying asset. The useful life of the ROU asset is determined on the same basis as those of property, plant and equipment.

The lease liability is re-measured when there is a change in future lease payments arising from the following items:

- a change in an index or a rate used to determine those payments.
- a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.
- the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured to reflect changes to the lease payments, the Company recognises the amount of the remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in profit or loss.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 4.14 Employee Benefits

##### Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses in profit or loss for the period in which they are incurred.

##### Post-Employment Benefits

- Defined Contribution Plans

The Company has obligations under the defined contribution plan for monthly contribution payable to the provident fund which the Company and employees have jointly established in accordance with the provident fund law that the employees are taken the significant actuarial risk and investment risk. The employees will obtain only the retirement benefits from the assets of the provident fund which are separate from the assets of the Company in accordance with the regulation of the fund.

Contributions for defined contribution plan are recognized as expenses in profit or loss for the period in which they are incurred.

- Defined Benefit Plans

The Company has obligations under the defined benefit plan for severance pay which have to pay to employees when retirement in accordance with the labour law that the Company is taken the significant actuarial risk and investment risk. The Company has to provide the agreed benefits to employees.

Defined benefit liability is determined the present value of defined benefit obligations by actuarial techniques using the projected unit credit method.

Service costs and interest costs on defined benefit liability are recognized as expenses in profit or loss in which they are incurred.

Gain or loss on remeasurement of defined benefit liability is recognized in other comprehensive income for the period which it occurs and shall not be reclassified to profit or loss in a subsequent period which is included immediately in retained earnings (deficits).

#### 4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, which 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. Reimbursement is recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Company settles the obligation, but not exceed the amount of related provision.

#### 4.16 Appropriation of Legal Reserve

Appropriation of legal reserve is in accordance with the public limited companies law, which will be appropriated when it is approved by the shareholders' meeting. This legal reserve shall not be distributed as dividend.

#### 4.17 Revenue Recognition

##### Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the Company satisfies a performance obligation by transferring a promised goods or service (i.e. an asset) to customer which an asset is transferred when the customer obtains control of that asset, and measured at the amount of the transaction price that is allocated to that performance obligation.

##### - Revenue from Sales of Goods

The Company has charged the goods from customers for promised goods to customers which are typically performance obligations satisfied at a point in time.

The Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product, thence the transaction price includes a variable consideration of refunds, credits or price concessions to customer which the Company has estimated the amount of variable consideration by using the most likely amount method to recognize the refund liabilities and the related right to recover returned products.

Revenue from sales of goods are recognized when the goods are transferred to customers.

- Revenue from Rendering of Services

The Company has charged the services from customers for promised services to customers which the Company has rights to consideration from customers in the amounts that corresponds directly with the value to the customers of the Company's performance completed to date which are typically performance obligations satisfied over time.

Revenue from rendering of services are recognized when the services are rendered to customers in the amounts to which the Company has rights to invoice.

#### Rental Income

Rental income is recognized by a straight-line method over the lease term.

#### Interest Income

Interest income is recognized on the effective interest rate.

#### Dividend Income

Dividend income is recognized when the Company has the right to receive dividend.

#### 4.18 Incremental Costs of Obtaining Contracts with Customers

- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of over 1 year, are recognized as assets and amortized as expenses on a straight-line basis throughout the period of contracts with customers.
- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of 1 year or less, are recognized as expenses when incurred, as the practical expedient.

#### 4.19 Recognition of Expenses

- Expenses are recognized on accrual basis.

#### 4.20 Income Tax

Income tax comprises current tax and deferred tax, is recognized in profit or loss except to the extent that it related to a business combinations, or items recognized in other comprehensive income or recognized directly in shareholders' equity which shall be also recognize in other comprehensive income or recognized directly in shareholders' equity.

##### Current Tax

Current tax is recognized at the amount expected to be paid to or recovered from the taxation authorities which is calculated in respect of the taxable profits in accordance with the regulation in tax laws using the tax rates that have been enacted by the end of the reporting period.

## Deferred Tax

Deferred tax is recognized by the statement of financial position liability method, based 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.

Deferred tax assets will be recognized only if it is probable that future taxable profit will be available to utilize the tax benefits. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period to the extent that equals to the probable amount of sufficient future taxable profit which the tax benefits can be utilized.

### 4.21 Earnings (Loss) per Share

Basic earnings (loss) per share are calculated by dividing profit or loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no calculation of diluted earnings (loss) per share because it has no dilutive potential ordinary shares.

### 4.22 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 market participants at the measurement date. The Company applies a quoted market price in an active market to measure the 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 will measure fair value using valuation technique that are appropriate in the circumstances and maximizes 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 categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets or liabilities.



At the end of each reporting period, the Company will determine the necessary of any transfers 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.

#### 4.23 Significant Accounting Judgments and Estimates

The preparation of financial statements to comply with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

##### **Allowance for expected credit losses of trade receivables and contract assets**

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Company historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

##### **Variable Consideration from Sales of Goods**

In the sale of goods, the Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product which the complaint on quality will mostly occur within 3 months after the goods delivery.

The management of the Company has used the comparing the rate of returned goods and discount on sales for the last 3 months of each reporting period and the returned goods and discount after that reporting period and the rate of cost of returned goods as key assumptions in estimating the amount of variable consideration from sales of goods to include as transaction price in the recognition of revenue from sales of goods, refund liabilities and the related right to recover returned products.

##### **Net Realizable Value of Inventories**

In the sale of goods, the Company has the pricing in foreign currencies on the market price which is fluctuated by the economic circumstances and exchange rate at that time.

The management of the Company has used the selling price and cost directly relating to the sale of goods occurring after the ended of reporting period, the rate of distribution costs for the year and exchange rate at that transaction date as key assumptions in estimating the value of net realizable value of inventories.

### Post-Employment Benefits – Defined Benefit Plans

In the determining of present value of defined benefit obligations, the Company has to set the actuarial assumptions which are the best estimate on salary increase rate, mortality rate, disability rate and employee turnover rate used in estimating the expected future cash flows and discount rate used in determining the present value of expected future cash flows.

The management of the Company has used the yield on the government bonds that have term to maturity similar to the weighted average duration of defined benefit obligations which reflects the present economic circumstances as discount rate and expected salary increase rate, employee turnover rate, disability rate and mortality rate in the long-run view to comply with the characteristic of the plan which has the long term as key assumptions in the determining of present value of defined benefit obligations.

### Deferred Tax Assets

In the recognition of deferred tax assets, the Company has considered the probable amount of sufficient future taxable profit that can utilize the tax benefits from deferred tax assets which will be reviewed at the end of each reporting period.

The management of the Company has used the financial performance projection as key assumption in the estimating of recognized deferred tax assets in the financial statements.

## 5. Cash and Cash Equivalents

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Cash	1,495,339.08	790,259.40
Deposits at Financial Institutions – Current Accounts	22,222,358.51	13,779,486.43
Deposits at Financial Institutions – Savings Accounts	45,678,918.42	27,023,938.58
Matured Cheques Receivable	-	760,202.39
Total	<u>69,396,616.01</u>	<u>42,353,886.80</u>

**6. Trade and Other Current Receivables**

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Trade Receivables		
Trade Receivables – Domestic	87,542,959.41	117,667,732.44
Trade Receivables – Overseas	140,337,739.76	122,319,149.19
Notes Receivable	5,820,214.77	4,516,576.00
Returned Cheques Receivable	114,217.15	58,753.70
Total	233,815,131.09	244,562,211.33
<u>Less</u> Allowance for Loss from Impairment	(21,772,102.97)	(15,005,033.78)
Net	212,043,028.12	229,557,177.55
Other Receivables	41,794,413.36	31,493,250.64
<u>Less</u> Allowance for Loss from Impairment	(19,573,820.54)	(20,896,854.79)
Net	22,220,592.82	10,596,395.85
Total	234,263,620.94	240,153,573.40

As at 31 December 2020 and 2019, trade receivables are classified by aging as follows:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Unbilled	-	410,325.76
Within Due	109,539,199.84	102,112,179.11
Overdue 1 – 30 days	59,019,440.14	66,957,661.32
Overdue 31 – 60 days	12,928,976.13	26,653,634.96
Overdue 61 – 90 days	7,852,965.61	14,096,486.23
Overdue 91 – 180 days	22,159,437.72	7,568,568.74
Overdue 181 – 365 days	9,371,938.22	11,758,321.43
Overdue more than 365 days	12,943,173.43	15,005,033.78
Total	233,815,131.09	244,562,211.33
<u>Less</u> Allowance for Loss from Impairment	(21,772,102.97)	(15,005,033.78)
Net	212,043,028.12	229,557,177.55

As at 31 December 2020 and 2019, other receivables consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Prepaid Expenses	2,758,004.44	3,921,553.55
Prepayment for Goods	31,140,347.25	22,672,070.28
Revenue Department Receivable	1,654,954.49	363,814.74
Others	6,241,107.18	4,535,812.07
Total	41,794,413.36	31,493,250.64
<u>Less</u> Allowance for Loss from Impairment	(19,573,820.54)	(20,896,854.79)
Net	22,220,592.82	10,596,395.85

For the year ended 31 December 2020 and 2019, allowance for loss from impairment have the movement as follows:

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Beginning Balance	(35,901,888.57)	(474,973.63)
Addition	(12,554,965.04)	(36,004,563.44)
Reverse	7,110,930.10	577,648.50
Ending Balance	<u>(41,345,923.51)</u>	<u>(35,901,888.57)</u>

## 7. Inventories

Consist of:

	(Unit : Baht)	
	As at 31 December 2020	As at 31 December 2019
Finished Goods	360,114,014.96	386,566,409.75
Semi-Finished Goods – Cow Nappa	369,820,426.43	372,594,108.01
Semi-Finished Goods – Cow Split	11,256,897.39	28,658,589.23
Semi-Finished Goods – Personal Protective Equipment	33,345,559.86	41,710,760.35
Work-in-Process	74,535,476.98	166,424,126.00
Raw Materials	51,770,703.23	61,022,755.22
Chemicals	21,829,718.47	31,810,618.86
Supplies	18,334,131.10	20,545,808.83
Goods-in-Transit	45,964,526.84	36,307,349.14
Right to Recover Returned Products	13,275,716.49	4,271,975.20
Total	<u>1,000,247,171.75</u>	<u>1,149,912,500.59</u>
<u>Less</u> Allowance for Devaluation of Inventories	<u>(14,094,244.61)</u>	<u>(51,322,872.32)</u>
Net	<u>986,152,927.14</u>	<u>1,098,589,628.27</u>

For the year ended 31 December 2020 and 2019, allowance for devaluation of inventories have the movement as follows:

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Beginning Balance	(51,322,872.32)	(22,563,412.93)
Addition	(27,326,695.78)	(64,046,705.39)
Reverse	64,555,323.49	35,287,246.00
Ending Balance	<u>(14,094,244.61)</u>	<u>(51,322,872.32)</u>

As at 31 December 2020 and 2019, the beneficiary from insurance for inventories in the insurance contract in amount of Baht 1,014.10 million and of Baht 1,046.50 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

## 8. Investments in Associates

### 8.1 Detail of associates

(Unit : Baht)						
Entity’s Name	Type of Business	Country of Incorporation	Paid-Up Capital	Investment and Voting Right Ratio %	Equity Method	
					As at	As at
					31 December 2020	31 December 2019
Integrated Leather Network Distribution Center						
Company Limited	of Leather	Thailand	100,000,000.00	40.00	-	-
Itt 3 Rith Company Limited						
	Wholesale thread and fabric	Thailand	1,000,000.00	40.00	99,997.50	-
Total					99,997.50	-

As at 31 December 2020 and 2019, the Company already recognised its share of loss on investment in Integrated Leather Network Company Limited at the full value of the investment.

As at 31 December 2020, the Company does not recognised its share of investment loss in Itt 3 Rit Company Limited because the value is not significant.

## 8.2 Summarized financial information of Associates

Summarized financial information of significant associate is as follows:

			(Unit : Baht)
	Integrated Leather Network Company Limited		Itt 3 Rith Company Limited
	As at	As at	As at
	31 December 2020	31 December 2019	31 December 2020
Current Assets	11,061,352.70	41,291,324.92	141,441.50
Non-Current Assets	6,033,625.53	49,728,336.46	-
Current Liabilities	(75,467,548.43)	(125,289,029.78)	(5,000.00)
Non-Current Liabilities	(5,176,822.00)	(1,658,485.15)	-
Net Assets	<u>(63,549,392.20)</u>	<u>(35,927,853.55)</u>	<u>136,441.50</u>
			(Unit : Baht)
			For the period
	For the year ended	For the year ended	12 December 2020 to
	31 December 2020	31 December 2019	31 December 2020
Revenue	<u>6,378,809.78</u>	<u>52,218,604.80</u>	<u>-</u>
Profit (Loss) for the year	<u>(25,734,850.65)</u>	<u>(43,632,652.66)</u>	<u>(13,561.00)</u>
Other Comprehensive Income for the year	<u>(1,886,688.00)</u>	<u>(2,031,047.00)</u>	<u>-</u>
Total Comprehensive Income for the year	<u>(27,621,538.65)</u>	<u>(45,663,699.66)</u>	<u>(13,561.00)</u>
Dividend from Associates during the year	-	-	-

## 9. Investment Property

Consist of:

(Unit : Baht)

	Land and Land Improvements	
	For the year ended 31 December 2020	For the year ended 31 December 2019
<b>Beginning Balance</b>		
Cost	127,452,206.14	127,452,206.14
Carrying Amount	127,452,206.14	127,452,206.14
<b>Transactions during the year</b>		
Beginning Balance	127,452,206.14	127,452,206.14
Purchase of Assets	-	-
Sale of Assets	(2,463,637.72)	-
Ending Balance	124,988,568.42	127,452,206.14
<b>Ending Balance</b>		
Cost	124,988,568.42	127,452,206.14
Carrying Amount	124,988,568.42	127,452,206.14

As at 31 December 2020 and 2019, investment property is land and land improvements which the Company has held while presently has not yet identified the purpose of future use, has the fair value in the amount of Baht 141.17 million equally for both years. The Company has measured the fair value from the appraisal results by the independence appraiser with the market approach and the cost approach as report dated 4 July 2016 which are Level 3 inputs of the fair value hierarchy.



## 10. Property, Plant and Equipment

Consist of:

								(Unit : Baht)
	Land and Land Improvements	Buildings and Buildings Improvements	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Assets under Construction	Total
<b>Cost</b>								
As at 31 December 2019	98,165,178.96	426,582,365.33	688,028,678.28	6,992,681.96	55,492,825.89	89,978,487.88	9,660,458.46	1,374,900,676.76
Adjustments from adoption of TFRS 16	-	-	(36,239,822.71)	-	-	(15,568,316.28)	-	(51,808,138.99)
As at 1 January 2020	98,165,178.96	426,582,365.33	651,788,855.57	6,992,681.96	55,492,825.89	74,410,171.60	9,660,458.46	1,323,092,537.77
Purchase of Assets	-	28,000.00	9,770,272.28	245,262.32	3,424,088.14	-	414,605.37	13,882,228.11
Transfer In (Transfer Out)	-	6,239,698.83	6,622,220.34	-	23,551.40	83,700.00	(8,540,063.83)	4,429,106.74
Disposal	-	-	(103,000.00)	-	-	(1,075,784.93)	-	(1,178,784.93)
Write-off of Assets	-	-	(14,699,207.32)	(31,890.00)	(826,187.08)	-	-	(15,557,284.40)
As at 31 December 2020	98,165,178.96	432,850,064.16	653,379,140.87	7,206,054.28	58,114,278.35	73,418,086.67	1,535,000.00	1,324,667,803.29
<b>Accumulated Depreciation</b>								
As at 31 December 2019	-	(249,687,354.14)	(369,457,939.25)	(5,528,308.61)	(43,869,743.04)	(68,532,198.12)	-	(737,075,543.16)
Adjustments from adoption of TFRS 16	-	-	4,633,210.53	-	-	7,783,571.18	-	12,416,781.71
As at 1 January 2020	-	(249,687,354.14)	(364,824,728.72)	(5,528,308.61)	(43,869,743.04)	(60,748,626.94)	-	(724,658,761.45)
Depreciation for the year	-	(18,405,314.69)	(39,696,526.75)	(515,275.51)	(5,414,304.41)	(2,345,870.71)	-	(66,377,292.07)
Depreciation on Transfer Out	-	-	869,126.17	-	-	-	-	869,126.17
Depreciation on Disposal	-	-	102,999.00	-	-	1,075,781.93	-	1,178,780.93
Depreciation on write-off	-	-	13,051,090.53	31,516.62	738,622.15	-	-	13,821,229.30
As at 31 December 2020	-	(268,092,668.83)	(390,498,039.77)	(6,012,067.50)	(48,545,425.30)	(62,018,715.72)	-	(775,166,917.12)
<b>Net book value</b>								
As at 31 December 2019	98,165,178.96	176,895,011.19	318,570,739.03	1,464,373.35	11,623,082.85	21,446,289.76	9,660,458.46	637,825,133.60
As at 1 January 2020	98,165,178.96	176,895,011.19	286,964,126.85	1,464,373.35	11,623,082.85	13,661,544.66	9,660,458.46	598,433,776.32
As at 31 December 2020	98,165,178.96	164,757,395.33	262,881,101.10	1,193,986.78	9,568,853.05	11,399,370.95	1,535,000.00	549,500,886.17

	(Unit : Baht)								
	Land	Buildings	Machines	Tools	Fixtures	Vehicles	Assets under	Asset-in-Transit	Total
	and Land	and Buildings	and		and		Construction		
	Improvements	Improvements	Equipment		Office Equipment				
Cost									
As at 1 January 2019	98,165,178.96	398,236,024.87	627,764,668.44	6,988,243.54	56,610,603.80	89,342,887.88	19,973,165.85	7,570,319.92	1,304,651,093.26
Purchase of Assets	-	671,000.00	23,873,274.00	149,257.90	3,971,011.20	1,935,046.72	43,365,902.71	(657,265.81)	73,308,226.72
Transfer In (Transfer Out)	-	27,683,340.46	43,032,964.44	-	187,237.00	-	(52,854,773.79)	(6,913,054.11)	11,135,714.00
Disposal	-	-	-	(57,113.88)	(281,501.40)	(1,299,446.72)	-	-	(1,638,062.00)
Write-off of Assets	-	(8,000.00)	(6,642,228.60)	(87,705.60)	(4,994,524.71)	-	(823,836.31)	-	(12,556,295.22)
As at 31 December 2019	98,165,178.96	426,582,365.33	688,028,678.28	6,992,681.96	55,492,825.89	89,978,487.88	9,660,458.46	-	1,374,900,676.76
Accumulated Depreciation									
As at 1 January 2019	-	(230,535,515.24)	(333,005,362.72)	(5,123,981.73)	(43,912,603.18)	(63,537,382.24)	-	-	(676,114,845.11)
Depreciation for the year	-	(19,159,837.90)	(42,740,190.37)	(546,189.24)	(5,120,077.64)	(6,294,259.60)	-	-	(73,860,554.75)
Depreciation on Disposal	-	-	-	57,105.88	276,504.65	1,299,443.72	-	-	1,633,054.25
Depreciation on write-off	-	7,999.00	6,287,613.84	84,756.48	4,886,433.13	-	-	-	11,266,802.45
As at 31 December 2019	-	(249,687,354.14)	(369,457,939.25)	(5,528,308.61)	(43,869,743.04)	(68,532,198.12)	-	-	(737,075,543.16)
Net book value									
As at 31 December 2018	98,165,178.96	167,700,509.63	294,759,305.72	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15
As at 31 December 2019	98,165,178.96	176,895,011.19	318,570,739.03	1,464,373.35	11,623,082.85	21,446,289.76	9,660,458.46	-	637,825,133.60

As at 31 December 2020 and 2019, a part of property, plant and equipment in the carrying amount of Baht 157.79 million and of Baht 168.02 million respectively, together with the beneficiary from insurance in the insurance contract amount of Baht 417.00 million and of Baht 672.70 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

As at 31 December 2019, a part of equipment in the carrying amount of Baht 39.93 million are finance leased assets.

## 11. Right-of-use assets and lease liabilities

### 11.1 Right-of-Use Assets

Consist of:

	(Unit : Baht)			
	Buildings	Machines	Vehicles	Total
<b>Cost</b>				
As at 31 December 2019	-	-	-	-
Adjustments from				
adoption of TFRS 16	44,233,308.12	36,239,822.71	15,568,316.28	96,041,447.11
As at 1 January 2020	44,233,308.12	36,239,822.71	15,568,316.28	96,041,447.11
Increase	6,616,987.30	-	2,299,000.00	8,915,987.30
As at 31 December 2020	50,850,295.42	36,239,822.71	17,867,316.28	104,957,434.41
<b>Accumulated Depreciation</b>				
As at 31 December 2019	-	-	-	-
Adjustments from				
adoption of TFRS 16	-	(4,633,210.53)	(7,783,571.18)	(12,416,781.71)
As at 1 January 2020	-	(4,633,210.53)	(7,783,571.18)	(12,416,781.71)
Depreciation for the year	(10,536,226.51)	(2,982,830.64)	(2,736,092.51)	(16,255,149.66)
As at 31 December 2020	(10,536,226.51)	(7,616,041.17)	(10,519,663.69)	(28,671,931.37)
<b>Net book value</b>				
As at 31 December 2019	-	-	-	-
As at 1 January 2020	44,233,308.12	31,606,612.18	7,784,745.10	83,624,665.40
As at 31 December 2020	40,314,068.91	28,623,781.54	7,347,652.59	76,285,503.04

## 11.2 Lease Liabilities

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Lease Liabilities		
Current Portion	19,414,295.16	10,247,970.43
Non-current lease liabilities	39,557,326.52	15,667,531.13
Total lease liabilities	<u>58,971,621.68</u>	<u>25,915,501.56</u>

Expenses relating to leases that are recognised in the income statements

	(Unit : Baht)
	For the year ended
	31 December 2020
Depreciation expenses of right-of-use assets	16,255,149.66
Interest expenses on lease liabilities	2,852,703.06
Total	<u>19,107,852.72</u>

## 12. Credits and Guarantees

As at 31 December 2020 and 2019, the Company has obtained the credit facilities from several financial institutions in form of overdrafts, promissory notes, letters of credit, trust receipts, letters of guarantee and currency forward contracts totaling in the amount of Baht 2,732.00 million and of Baht 2,835.00 million respectively, letters of credit in the amount of USD 3.00 million and corporate credit card in the amount of Baht 1.60 million equally for both years. Such credit facilities are secured by the collateral as the transferring of beneficiary from insurance for inventories of the Company as in Note 7, property, plant and equipment of the Company together with the transferring of beneficiary from insurance as in Note 10 and the guarantee of the directors of the Company.

**13. Defaulted Liabilities**

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Trust Receipts	-	21,435,038.11
Accrued Interest Expenses	-	126,994.17
Total	-	21,562,032.28

As at 31 December 2019, the whole amount of trust receipts is trust receipts for ordering the overseas goods by using the credit facilities from a financial institution which is past due, the default interest rate of 18.00% per annum. Presently, the Company already has completed the settlement.

**14. Overdrafts and Short-Term Borrowings from Financial Institutions**

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Overdrafts	51,500,306.35	20,576,204.86
Promissory Notes	310,000,000.00	310,000,000.00
Trust Receipts	300,987,603.41	448,641,964.60
Total	662,487,909.76	779,218,169.46

As at 31 December 2020 and 2019, the whole amount of overdrafts is bank overdrafts, the interest rate of 5.82 – 6.25% per annum and of 6.25 – 6.70% per annum respectively.

As at 31 December 2020 and 2019, the whole amount of promissory notes is promissory notes for 3 – 6 months equally for both years, the interest rate of 2.95 – 4.15% per annum and of 3.00 – 4.25% per annum respectively.

As at 31 December 2020 and 2019, the whole amount of trust receipts is trust receipts for ordering the overseas goods, the interest rate of 1.34 – 4.25% per annum and of 1.50 – 3.95% per annum respectively. Under the terms of trust receipt contracts, the Company has received the ordered goods by using the credit of the financial institutions, thence the Company constitutes obligation to the financial institutions for such goods both that kept or disposed.

As at 31 December 2020 and 2019, overdrafts and short-term borrowings from financial institutions are secured by the collateral as in Note 12.

## 15. Trade and Other Current Payables

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Trade Payables		
Trade Payables – Domestic	91,674,325.48	123,011,775.93
Trade Payables – Overseas	53,664,618.77	39,884,968.96
Notes Payable	-	5,664,264.58
Total	145,338,944.25	168,561,009.47
Other Payables	103,650,922.77	127,431,787.48
Total	248,989,867.02	295,992,796.95

As at 31 December 2020 and 2019, other payables consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Refund Liabilities	10,405,920.82	11,332,425.78
Accrued Expenses	37,767,634.38	44,786,425.80
Pre-received for Goods	20,231,376.63	27,457,665.97
Pre-received for Assets	-	4,499,993.76
Assets Payable	12,424.00	2,028,605.40
Accrued Interest Expenses	612,406.63	2,549,712.26
Dividends Payable	1,014,050.65	1,014,050.65
Accrued Special Severance Pay for Retirement	3,494,000.00	3,494,000.00
Post-Employment Benefits Payable	8,424,680.00	10,062,218.50
Others	21,688,429.66	20,206,689.36
Total	103,650,922.77	127,431,787.48

## 16. Long-Term Borrowings

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Current		
Breach of the ongoing Financial Covenants	-	52,447,000.00
Not later than 1 year	58,483,000.00	8,004,000.00
Total Current	58,483,000.00	60,451,000.00
Non-Current		
Later than 1 year but not later than 5 years	105,918,000.00	14,654,000.00
Total Non-Current	105,918,000.00	14,654,000.00
Total	164,401,000.00	75,105,000.00

As at 31 December 2020 and 2019, long-term borrowings have terms and conditions as follows:

(Unite : Baht)					
No.	Total Limit		Outstanding Balance		Terms and Conditions
	As at	As at	As at	As at	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
1	40,000,000.00	40,000,000.00	18,656,000.00	22,658,000.00	The principal and interest shall be paid monthly with the principal repayment in amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
2	27,000,000.00	27,000,000.00	15,750,000.00	18,450,000.00	The principal and interest shall be paid monthly with the principal repayment in amount of Baht 450,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
3	40,000,000.00	40,000,000.00	29,995,000.00	33,997,000.00	The principal and interest shall be paid monthly with the principal repayment in amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-2.15% per annum.
4	100,000,000.00	-	100,000,000.00	-	The principal and interest shall be paid monthly with the principal repayment in amount of Baht 3,330,000.00 per month for a period of 2.5 years, the interest rate of MLR-1.75% per annum.
Total	207,000,000.00	107,000,000.00	164,401,000.00	75,105,000.00	

As at 31 December 2020 and 2019, long-term borrowings have the significant terms and conditions that the Company has to comply the ongoing financial covenants as follows:

- Debt service coverage ratio in the rate not lower than 1.25 times.
- Interest-bearing debt to equity in the rate not exceeding 1.50 times.
- Debt to equity ratio in the rate not exceeding 2.00 times.

For the year ended 31 December 2019, the Company has breached the ongoing financial covenant of debt service coverage ratio, thence the balance as at 31 December 2019 of the related long-term borrowings is reclassified as current portion.

As at 31 December 2020 and 2019, long-term borrowings are secured by the collateral as in Note 12.

## 17. Derivatives Liabilities

As at 31 December 2020 and 2019, Derivatives that are measured at fair value, excluding where its fair value is approximating the carrying amount are as follows:

								(Unit : Baht)	
		Level 1		Level 2		Level 3		Total	
		As at	As at	As at	As at	As at	As at	As at	As at
		31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
		2020	2019	2020	2019	2020	2019	2020	2019
<b>Liabilities</b>									
Derivatives									
Foreign currency									
forward contracts		-	-	1,614,915.48	-	-	-	1,614,915.48	-
Total		-	-	1,614,915.48	-	-	-	1,614,915.48	-

The fair value of financial instruments that are not traded in an active market (Over the counter) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



**18. Non-Current Provisions for Employee Benefits**

Consist of:

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Post-Employment Benefits		
Defined Benefit Plans	56,863,655.77	55,533,693.02
Total	<u>56,863,655.77</u>	<u>55,533,693.02</u>

**18.1 Characteristic of Defined Benefit Plan**

As at 31 December 2020 and 2019, the Company has operated the post-employment benefit plan which is unfunded defined benefit plan according to final salary that the Company has to pay as severance pay to employees on retirement in accordance with the labour law of Thailand. Therefore, the Company consequently has to take the actuarial risk to pay the agreed benefits to employees.

For the year ended 31 December 2019, the Company has amended the post-employment benefit plan to comply with the new labour law of Thailand which is effective on 5 May 2019 by adding the regulation to make the severance pay to the employee with the completion to 20 years or more of employment, not less than 400 days of last wage rate.

## 18.2 Amounts in the Financial Statements related to Post-Employment Benefit Plans

For the year ended 31 December 2020 and 2019, amounts in the financial statements related to post-employment benefit plan have the movement as follows:

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Beginning Balance	55,533,693.02	53,561,969.99
Recognized in Profit (Loss) for the year		
Past Service Costs	-	15,843,405.78
Current Service Costs	7,953,435.95	6,417,934.25
Interest Costs	1,574,976.07	1,339,424.00
Total Recognized in Profit (Loss) for the year	9,528,412.02	23,600,764.03
Recognized in Other Comprehensive Income		
(Gain) Loss on Remeasurement of Defined Benefit Plans		
Experience Adjustment	(2,773,008.27)	(3,569,478.00)
Total Recognized in Other Comprehensive Income	(2,773,008.27)	(3,569,478.00)
Benefits Paid	(5,425,441.00)	(18,059,563.00)
Ending Balance	56,863,655.77	55,533,693.02

Expenses recognized in profit or loss above are included in the follows.

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Costs of Sales and Rendering of Services	4,330,923.00	8,631,935.05
Distribution Costs and Administrative Expenses	5,197,489.00	14,968,828.98
Total	9,528,412.00	23,600,764.03

As at 31 December 2020 and 2019, the key assumptions used in the actuarial valuation for post-employment benefit plans are summarized as follows:

	As at 31 December 2020	As at 31 December 2019
Discount Rate	1.59% per annum	2.07% per annum
Salary Increase Rate	3.00% per annum	3.00% per annum
Employee Turnover Rate	3.82 – 45.84% per annum	0.00 – 35.00% per annum
Mortality Rate	100.00% of Thai Mortality Ordinary Table 2017	100.00% of Thai Mortality Ordinary Table 2017
Disability Rate	5.00% of Mortality Rate	5.00% of Mortality Rate
Retirement Age	60 years	60 years

### 18.3 Sensitivity Analysis of Key Assumptions Used in Actuarial Valuation for Post-Employment Benefit Plans

As at 31 December 2020 and 2019, sensitivity analysis of each key assumption while holding all other assumptions constant which have been affected by changes in the relevant actuarial assumption that were reasonably possible on defined benefit obligations as at the end of the reporting period is summarized as follows:

	(Unit : Baht)	
	As at 31 December 2020	As at 31 December 2019
Discount Rate		
Increased by 1.00%	(2,208,488.40)	(3,644,727.00)
Decreased by 1.00%	2,060,008.41	4,134,751.00
Salary Increase Rate		
Increased by 1.00%	3,446,648.43	5,194,371.00
Decreased by 1.00%	(3,881,522.73)	(4,666,269.00)

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Employee Turnover Rate		
Increased by 20.00%	(4,276,793.32)	-
Decreased by 20.00%	5,144,097.07	-
Mortality Rate		
Increased by 20.00%	(469,674.37)	-
Decreased by 20.00%	475,730.42	-

#### 18.4 Maturity of Defined Benefit Obligations

As at 31 December 2020 and 2019, weighted average duration of defined benefit obligations is 11 years and 6.91 years annum respectively.

The Company has not presented the expected maturity analysis of undiscounted cash flows for benefit payment, but provided the sensitivity of several key assumptions.

### 19. Share Capital

For the year ended 31 December 2020 and 2019, share capital has the movements as follows:

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Par Value	Number of Share	Amount	Par Value	Number of Share	Amount
	Baht per Share	Shares	Baht	Baht per Share	Shares	Baht
<b>Authorized Share Capital</b>						
Beginning Ordinary Shares	1.00	439,844,340	439,844,340.00	1.00	439,844,340	439,844,340.00
Ending Ordinary Shares	1.00	439,844,340	439,844,340.00	1.00	439,844,340	439,844,340.00
<b>Issued and Paid-Up</b>						
<b>Share Capital</b>						
Beginning Ordinary Shares	1.00	439,844,284	439,844,284.00	1.00	439,844,284	439,844,284.00
Ending Ordinary Shares	1.00	439,844,284	439,844,284.00	1.00	439,844,284	439,844,284.00

## 20. Legal Reserve

In accordance with the Public Limited Companies Act B.E. 2535, the Company has to appropriate not less than 5% of its annual net profit less any accumulated losses brought forward (if any) to a reserve account, until this account reaches an amount not less than 10% of the authorized share capital. This legal reserve shall not be distributed as dividend.

## 21. Appropriation of Legal Reserve and Dividends

On 26 April 2019, the Annual General Meeting of the Shareholders of the Company for 2019 has passed the resolution to approve the appropriation of profit for 2018 as legal reserve in the amount of Baht 598,848.94 and dividend payment to the ordinary shareholders of the Company at the rate of Baht 0.02 per share, totaling in the amount of Baht 8,796,885.68.

## 22. Capital Management

The primary objectives of the Company's capital management are to maintain the abilities to continue as a going concern and the optimal capital structure.

The Company monitors capital using debt to equity ratio which is calculated by dividing the liabilities as in the statement of financial position with the shareholders' equity as in the statement of financial position.

As at 31 December 2020 and 2019, debt to equity ratio is as follows:

	As at 31 December 2020	As at 31 December 2019
Liabilities (Baht)	1,196,582,816.01	1,316,371,020.70
Shareholders' Equity (Baht)	935,827,705.53	914,739,676.80
Debt to Equity Ratio (Time)	1.28	1.44

**23. Other Income**

Consist of:

	(Unit : Baht)	
	For the year ended	For the year ended
	31 December 2020	31 December 2019
Interest Income	88,821.92	152,509.23
Rental and Service Income	11,199,595.04	9,706,711.99
Consultancy Income	1,149,229.08	3,228,482.14
Tax Compensation Income	11,260,454.00	2,605,478.05
Gain on Sale of Property, Plant and Equipment	3,065,720.88	291,115.42
Others	2,646,368.45	11,368,970.21
Total	<u>29,410,189.37</u>	<u>27,353,267.04</u>

**24. Provident Fund**

The Company and its employees has jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, which is contributed by the employees and the Company, and will be paid to the employees upon retirement in accordance with the regulation of the fund.

For the year ended 31 December 2020 and 2019, the Company has recognized the contribution as expenses in the amount of Baht 3.82 million and of Baht 4.01 million respectively.

**25. Expenses by Nature**

Consist of:

	(Unit : Baht)	
	For the year ended	For the year ended
	31 December 2020	31 December 2019
Changes in Finished Goods and Work-in-Process	146,881,617.72	27,349,376.65
Raw Material and Chemical Used	848,307,058.18	1,679,639,576.31
Loss on Devaluation of Inventories(Reversal)	(37,228,627.71)	28,759,459.39
Employee Benefit Expenses	264,536,634.93	388,723,896.66
Managements' Remuneration	31,998,715.00	38,332,910.00
Depreciation	82,795,165.27	73,928,517.39
Amortization of Leasehold Rights	49,605.13	200,619.67
Amortization of Other Intangible Assets	2,135,807.84	1,968,666.92
Doubtful Accounts	5,444,034.94	35,426,914.94
Transportation Expenses	13,372,545.72	21,069,930.30
Sale Promotion Expenses	22,673,037.65	30,415,496.65
Rental and Utility Expenses	59,307,471.72	93,442,264.34

## 26. Tax (Expense) Income

26.1 Tax (Expense) Revenue which is recognized in Profit (Loss) for the year

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Current Tax		
Tax (Expense) Revenue for current years	-	-
Deferred Tax		
Tax (Expense) Revenue relating to		
the Origination and Reversal of Temporary Differences	(8,250,297.29)	13,898,012.65
Total	<u>(8,250,297.29)</u>	<u>13,898,012.65</u>

For the year ended 31 December 2020 and 2019, the relationship between tax (expense) revenue and accounting profit (loss) in the form of reconciliation between tax (expense) revenue and the product of taxable profit by the applicable tax rate at 20% is as follows:

	(Unit : Baht)	
	For the year ended 31 December 2020	For the year ended 31 December 2019
Profit (Loss) Before Income Tax	<u>27,119,919.41</u>	<u>(177,784,768.93)</u>
Tax (Expense) Revenue by the Tax Rate at 20%	(5,423,983.88)	35,556,953.79
Expenses that are not deductible	(325,919.70)	(1,196,270.42)
Concessions	580,272.30	1,417,375.22
Temporary Differences for which no		
Deferred Tax Asset is recognized	(950,701.27)	(887,641.72)
Tax Losses for which no Deferred Tax Asset is recognized	<u>(2,129,964.74)</u>	<u>(20,992,404.22)</u>
Total	<u>(8,250,297.29)</u>	<u>13,898,012.65</u>



## 26.2 Tax (Expense) Revenue which is recognized in Other Comprehensive Income

(Unit : Baht)

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Amount	Tax	Amount	Amount	Tax	Amount
	Before Tax	(Expense)	Net of Tax	Before Tax	(Expense)	Net of Tax
	Income			Income		
Gain (Loss) on Remeasurement						
of Defined Benefit Plans	2,773,008.27	(554,601.66)	2,218,406.61	3,569,478.00	(713,895.60)	2,855,582.40
Total	2,773,008.27	(554,601.66)	2,218,406.61	3,569,478.00	(713,895.60)	2,855,582.40

## 26.3 Deferred Tax Assets which are recognized in the Financial Statements

(Unit : Baht)

	For the year ended 31 December 2020			
	Beginning	Recognized in	Recognized in	Ending Balance
	Balance			
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2020	for the year	Income	31 December 2020
Allowance for Doubtful Accounts	7,180,377.71	1,088,806.99	-	8,269,184.70
Allowance for Devaluation of Inventories	10,264,574.46	(7,445,725.54)	-	2,818,848.92
Sales with Right to Return				
Refund Liabilities	2,266,485.16	(185,301.00)	-	2,081,184.16
Right to Recover Returned Products	(854,395.04)	(1,800,748.26)	-	(2,655,143.30)
Derivatives Liabilities	-	322,983.10	-	322,983.10
Non-Current Provisions				
for Employee Benefits	11,106,738.61	820,594.20	(554,601.66)	11,372,731.15
Tax Losses	39,003,821.94	(840,887.91)	-	38,162,934.03
Total	68,967,602.84	(8,040,278.42)	(554,601.66)	60,372,722.76

(Unit : Baht)

	For the year ended 31 December 2019			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2019	for the year	Income	31 December 2019
Allowance for Doubtful Accounts	94,994.73	7,085,382.98	-	7,180,377.71
Allowance for Devaluation of Inventories	4,512,682.58	5,751,891.88	-	10,264,574.46
Sales with Right to Return				
Refund Liabilities	740,809.73	1,525,675.43	-	2,266,485.16
Right to Recover Returned Products	(192,014.03)	(662,381.01)	-	(854,395.04)
Non-Current Provisions				
for Employee Benefits	10,712,394.00	1,108,240.21	(713,895.60)	11,106,738.61
Tax Losses	39,045,187.67	(41,365.73)	-	39,003,821.94
Total	54,914,054.68	14,767,443.76	(713,895.60)	68,967,602.84

## 26.4 Deferred Tax Liabilities which are recognized in the Financial Statements

(Unit : Baht)

	For the year ended 31 December 2020			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2020	for the year	Income	31 December 2020
Right-of-Use Assets	(2,822,327.43)	(210,018.87)	-	(3,032,346.30)
Total	(2,822,327.43)	(210,018.87)	-	(3,032,346.30)

(Unit : Baht)

	For the year ended 31 December 2019			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2019	for the year	Income	31 December 2019
Right-of-Use Assets	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)
Total	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)

## 26.5 Deductible Temporary Differences for which no Deferred Tax Asset is recognized

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Investments in Associates	40,000,000.00	40,000,000.00
Total	40,000,000.00	40,000,000.00

Deductible temporary differences for which no deferred tax asset is recognized, have no expiry date under the current tax legislation.

The Company has not recognized deferred tax asset for the above deductible temporary differences associated with investments in associates, because the Company has not yet intended to dispose these investments.

## 26.6 Unused Tax Losses for which no Deferred Tax Asset is recognized

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
Expiry Year of Tax Benefits		
2024	115,406,550.20	104,962,021.10
Total	115,406,550.20	104,962,021.10

The Company has not recognized deferred tax asset for the above unused tax losses, because the Company is not probable that the future taxable profit will be available that the tax benefits can be utilized.

## 27. Segment Information

### 27.1 General Information about Segment

The Company has identified the reportable segments from the structure of internal managerial and financial information system of the Company according to the types of goods and services which are the operating segments that the management of the Company has use the segment profit (loss) before income tax in the financial performance review regularly as follows:

- Tannery industry segment which has revenue from sales of finished leather products and rendering service of tanning.
- Personal protective equipment segment which has revenue from sales of personal protective equipment products.

### 27.2 Information about Segment Profit or Loss

Inter-reportable segment transactions are carried out at arm's length and are eliminated from the interim financial report of the Company.

Segment revenue and profit or loss include items directly attribute to a segment as well as these that can be allocated on a reasonable basis with revenue and profit or loss in the interim financial report of the Company.

For the year ended 31 December 2020 and 2019, the segment information is presented as follows:

(Unit : Thousand Baht)

For the year ended 31 December 2020						
	Reportable Segment				Eliminated	Total
	Tannery Industry			Personal Protective	Transactions	
	Finished	Tanning	Total	Equipment		
	Leather					
Revenue from Contracts with Customers						
External Customers	935,030	45,196	980,226	613,320	-	1,593,546
Inter-Segment	35,270	95,518	130,788	-	(130,788)	-
Total	970,300	140,714	1,111,014	613,320	(130,788)	1,593,546
Disaggregation of Revenue from Contracts with Customers						
Geographical Region						
Domestic	45,002	95,518	140,520	591,094	(130,788)	600,826
Overseas	925,298	45,196	970,494	22,226	-	992,720
Total	970,300	140,714	1,111,014	613,320	(130,788)	1,593,546
Gross Profit (Loss)			103,474	246,401	(156)	349,719
Gain (Loss) on Exchange Rate			(6,832)	(183)	-	(7,015)
Other Income			16,862	12,548	-	29,410
Distribution Costs			(45,270)	(113,123)	-	(158,393)
Administrative Expenses			(79,572)	(65,710)	156	(145,126)
Loss on Derivatives			(1,615)	-	-	(1,615)
Finance Costs			(28,008)	(11,852)	-	(39,860)
Profit (Loss) before Income Tax			(40,961)	68,081	-	27,120
Tax (Expense) Income						(8,250)
Profit (Loss) for the year						18,870
Depreciation and Amortization						84,981

(Unit : Thousand Baht)

For the year ended 31 December 2019

	Reportable Segment			Eliminated Transactions	Total	
	Tannery Industry		Personal Protective Equipment			
	Finished Leather	Tanning				
	Total					
Revenue from Contracts with Customers						
External Customers	1,621,738	127,446	1,749,184	680,915	-	2,430,099
Inter-Segment	54,493	99,106	153,599	-	(153,599)	-
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Disaggregation of Revenue from Contracts with Customers						
Geographical Region						
Domestic	261,614	102,343	363,957	652,693	(153,599)	863,051
Overseas	1,414,617	124,209	1,538,826	28,222	-	1,567,048
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Gross Profit (Loss)	(25,891)	(6,540)	(32,431)	278,688	7	246,264
Gain (Loss) on Exchange Rate			25,471	3,069	-	28,540
Other Income			16,359	11,001	(7)	27,353
Distribution Costs			(81,909)	(123,173)	-	(205,082)
Administrative Expenses			(158,710)	(64,422)	-	(223,132)
Finance Costs			(37,362)	(9,928)	-	(47,290)
Share of Profit (Loss) of Associates			(4,438)	-	-	(4,438)
Profit (Loss) before Income Tax			(273,020)	95,235	-	(177,785)
Tax (Expense) Income						13,898
Profit (Loss) for the year						(163,887)
Depreciation and Amortization						76,097

### 27.3 Information about Major Customers

For the year ended 31 December 2020 and 2019, information about major customers which amounting to 10% or more of revenue in the financial statements of the Company is as follows:

	(Unit : %)		(Unit : Baht)	
	Proportion to Total Revenue		Revenue	
	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2019
1 <sup>st</sup> Oversea Customer	7.64	13.00	121,726,316.54	315,939,957.48
2 <sup>nd</sup> Oversea Customer	7.42	11.44	118,271,199.60	278,045,697.64
Total	15.06	24.44	239,997,516.14	593,985,655.12

## 28. Financial Instruments

### 28.1 Financial Risk Management Policy

The Company has exposure to interest rate risk, exchange rate risk and credit risk which the Company will consider to use the appropriate financial instruments to manage those risks. However, the Company does not have policy to hold or issue any derivative financial instruments for speculation or trading.

### 28.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk of the Company is mainly associated with purchase of raw materials and machinery and sale of goods in foreign currencies.

As at 31 December 2020 and 2019, the Company has financial assets and financial liabilities which expose to the currency risk as follows:

Currencies	Financial Assets		Financial Liabilities	
	As at	As at	As at	As at
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
United States Dollar	4,699,364.08	3,765,475.89	3,841,235.51	7,344,214.84
Euro Zone	18,339.00	5,100.00	97,256.88	136,425.50
China Yuan	43,140.00	30,700.00	-	-
Hong Kong Dollar	101.00	150.00	-	-
Great Britain Pound	2,015.00	-	180,081.91	-
Dong Viet Nam	100,000.00	-	-	-

As at 31 December 2020 and 2019, the Company has used the derivatives to manage the currency risk as follows:

Risk Managed Currencies	Amounts to be Received (Paid)			
	Buying Contracts		Selling Contracts	
	As at	As at	As at	As at
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>United States Dollar</b>				
Currency Forward Contracts				
Nominal Amount				
United States Dollar	-	762,938.08	-	(3,278,449.63)
Thailand Baht	-	(23,261,982.06)	-	98,915,002.08
Fair Value (Baht)	-	(293,902.55)	-	418,412.03

As at 31 December 2020 and 2019, fair value of derivatives using to manage the currency risk are measured by using the rates determined by those counterparty financial institutions as at the end of the reporting date which is Lever 2 inputs of the fair value hierarchy.



### 28.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2020 and 2019, the Company has financial assets and financial liabilities which expose to the interest rate the risk as follows:

(Unit : Baht)					
	As at 31 December 2020				
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	45,678,918.42	-	23,717,697.59	69,396,616.01	0.050 – 0.550
Long-Term Loans to Employees	-	147,470.42	-	147,470.42	6.00
<u>Financial Liabilities</u>					
Overdrafts	51,500,306.35	-	-	51,500,306.35	6.25 – 6.70
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	352,047,780.42	-	-	352,047,780.42	2.23 – 4.15
Foreign Currencies	258,939,822.99	-	-	258,939,822.99	1.34 – 4.25
Long-Term Borrowings	164,401,000.00	-	-	164,401,000.00	4.25 – 4.85
Finance Lease Liabilities	-	58,971,621.68	-	58,971,621.68	0.35 – 4.18

(Unit : Baht)

	As at 31 December 2019				
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		% per annum
<u>Financial Assets</u>					
Cash and Cash Equivalents	27,023,938.58	-	15,329,948.22	42,353,886.80	0.050 – 0.712
Long-Term Loans to Employees	-	327,610.00	-	327,610.00	6.00
<u>Financial Liabilities</u>					
Defaulted Liabilities	21,435,038.11	-	126,994.17	21,562,032.28	18.00
Overdrafts	20,576,204.86	-	-	20,576,204.86	6.25 – 6.70
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	508,350,938.75	-	-	508,350,938.75	2.73 – 4.25
Foreign Currencies	250,291,025.85	-	-	250,291,025.85	1.50 – 3.57
Short-Term Borrowings	-	60,000,000.00	-	60,000,000.00	2.50
Long-Term Borrowings	75,105,000.00	-	-	75,105,000.00	4.875 – 5.000
Finance Lease Liabilities	-	25,915,501.56	-	25,915,501.56	0.35 – 2.75

As at 31 December 2020 and 2019, the Company does not use any financial instrument to manage the interest rate risk.

#### 28.4 Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company is associated with concentrations of credit and default on collection from financial institution deposits and receivables.

As at 31 December 2020 and 2019, the Company has the maximum potential credit loss equals to the carrying amount of financial institution deposits and receivables presented in the statement of financial position.

As at 31 December 2020 and 2019, the Company has managed the credit risk as follows:

Group of Financial Assets	Credit Risk Management
Financial Institution Deposits	Consideration of the credit rating of financial institutions and credit facilities granted with the Company.
Receivables	Consideration of the credit quality of the receivable from financial position and past experience of collection and required some customers have to open letter of credit or make the advance payment for goods.

## 28.5 Fair Value

As at 31 December 2020 and as at 1 January 2020, financial assets and financial liabilities are mainly classified in short-term and loans and borrowings are bearing interest rates close to market interest rates. Thence, the management of the Company believes that the carrying amount of those financial assets and financial liabilities are immaterially differed from fair value.

(Unit : Baht)

As at 31 December 2020			
	Carrying value		Fair Value
	Fair value through profit or loss	Amortised cost	Total
<u>Financial Assets</u>			
Cash and Cash Equivalents	-	69,396,616.01	69,396,616.01
Trade and Other Current Receivables	-	234,263,620.94	234,263,620.94
Other Current Assets	-	126,485.44	126,485.44
Long-Term Loans to Employees	-	147,470.42	147,470.42
Total	-	303,934,192.81	303,934,192.81

(Unit : Baht)

As at 31 December 2020				
		Carrying value		Fair Value
	Fair value through profit or loss	Amortised cost	Total	
<b>Financial Liabilities</b>				
Overdrafts and Short-Term Borrowings				
from Financial Institutions	-	662,487,909.76	662,487,909.76	662,487,909.76
Trade and Other Current Payables	-	248,989,867.02	248,989,867.02	248,989,867.02
Derivatives Liabilities	1,614,915.48	-	1,614,915.48	1,614,915.48
Long-Term Borrowings	-	164,401,000.00	164,401,000.00	164,401,000.00
Lease Liabilities	-	58,971,621.68	58,971,621.68	58,971,621.68
Total	1,614,915.48	1,134,850,398.46	1,136,465,313.94	1,136,465,313.94

(Unit : Baht)

As at 1 January 2020				
		Carrying value		Fair Value
	Fair value through profit or loss	Amortised cost	Total	
<b>Financial Assets</b>				
Cash and Cash Equivalents	-	42,353,886.80	42,353,886.80	42,353,886.80
Trade and Other Current Receivables	-	240,153,573.40	240,153,573.40	240,153,573.40
Other Current Assets	-	184,319.91	184,319.91	184,319.91
Long-Term Loans to Employees	-	327,610.00	327,610.00	327,610.00
Total	-	283,019,390.11	283,019,390.11	283,019,390.11

**Financial Liabilities**

Defaulted Liabilities	-	21,562,032.28	21,562,032.28	21,562,032.28
Overdrafts and Short-Term Borrowings				
from Financial Institutions	-	779,218,169.46	779,218,169.46	779,218,169.46
Trade and Other Current Payables	-	295,992,796.95	295,992,796.95	295,992,796.95
Short-Term Borrowings	-	60,000,000.00	60,000,000.00	60,000,000.00
Long-Term Borrowings	-	75,105,000.00	75,105,000.00	75,105,000.00
Lease Liabilities	-	25,915,501.56	25,915,501.56	25,915,501.56
Total	-	1,257,793,500.25	1,257,793,500.25	1,257,793,500.25

## 28.6 Fair Value Hierarchy

As at 31 December 2020 and 2019, fair value hierarchy of assets and liabilities in the statement of financial position is as follows:

(Unit : Baht)

As at 31 December 2020					
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<b>Assets</b>					
Not measured at Fair Value					
but for which the Fair Value					
is disclosed					
Investment Property	124,988,568.42	-	-	141,170,000.00	141,170,000.00
<b>Liabilities</b>					
Financial Liabilities					
measured at fair value					
through profit or loss.					
Derivatives	1,614,915.48	-	1,614,915.48	-	1,614,915.48

(Unit : Baht)

As at 31 December 2019					
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<b>Assets</b>					
Not measured at Fair Value					
but for which the Fair Value					
is disclosed					
Investment Property	127,452,206.14	-	-	141,170,000.00	141,170,000.00

## 29. Related Party Transactions

The Company has significant business transactions with the related parties. Such transactions are concluded on commercial terms and bases agreed upon between the Company and those related parties which are in ordinary course of business, are summarized as follows:

## 29.1 Nature of Relationship of the Company

Names of Related Parties	Nature of Relationship
Integrated Leather Network Company Limited	Associate by Direct Shareholding
Itt 3 Rith Company Limited	Associate by Direct Shareholding
Eagle Chemical Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Applied DB Public Company Limited	Related Entity by Common Group of Shareholders and Executives
Mimi Industrial Company Limited	Related Entity by Common Group of Shareholders and Executives
Manwood Intertrade Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Wiring System Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Technical Nonwoven Company Limited	Related Entity by Common Group of Shareholders and Executives
CS Rubber Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Jingdong CS Rubber Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Asset Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Holding Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Thanee Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Condotown Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Tanning Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
V T Brother Company Limited	Related Entity by Common Group of Shareholders and Executives
Furano Air Company Limited	Related Entity by Common Group of Shareholders and Executives
Smart Sense Industrial Design Company Limited	Related Entity by Common Group of Shareholders and Executives
Khun Puvasith Wongcharoensin	Related Person by being the Director and Shareholder of the Company
Khun Natthajak Wongcharoensin	Related Person by being the Shareholder of the Company and Director and Shareholder of the Related Entity
Khun Thavatchai Wongcharoensin	Related Person by being the Shareholder and Ex-Director of the Company
Khun Lai Chi-Hsiang	Related Person by being the Shareholder and Ex-Director of the Company
Khun Artid Chenpreecha	Related Person by being the Shareholder and Ex-Director of the Company

## 29.2 Inter-Transactions

		(Unit : Baht)	
Pricing Policies		For the year ended	For the year ended
		31 December 2020	31 December 2019
<b>Associates</b>			
Revenue from Sales	Comparable prices with other entities	-	25,802.50
Consultancy Income	Cost plus margin prices	1,149,229.08	3,228,482.14
Purchase of Raw Materials	Mutual agreed prices	-	14,202,664.00
Service Fee	Mutual agreed prices	12,000.00	-
Purchase of Assets	Mutual agreed prices	23,768,983.60	-
<b>Related Entities</b>			
Revenue from Sales	Comparable prices with other entities	1,694,781.00	1,248,086.65
Rental Income	Mutual agreed prices	733,685.62	420,742.32
Sales of Assets	Mutual agreed prices	12,000.00	481,246.72
Purchase of Raw Materials	Mutual agreed prices	184,275,401.35	341,014,181.98
Purchase of Supplies	Mutual agreed prices	1,141,500.00	2,582,055.54
Rental Expense	Mutual agreed prices	1,946,327.28	6,670,052.00
Other Expenses	Mutual agreed prices	294,460.38	1,978,354.91
Purchase of Equipment	Mutual agreed prices	-	977,383.25
<b>Related Persons</b>			
Consultancy Expense	Mutual agreed prices	4,500,000.00	3,600,000.00
Rental Expense	Mutual agreed prices	180,000.00	180,000.00
Other Expenses	Mutual agreed prices	337,159.62	423,440.45
Interest	2.50% per year	148,954.08	-

## 29.3 Inter-Outstanding Balances

		(Unit : Baht)	
		As at	As at
		31 December 2020	31 December 2019
<b>Trade Receivables</b>			
Related Entities		388,805.64	196,113.35
Total		<u>388,805.64</u>	<u>196,113.35</u>

	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
<b>Prepayment for Goods</b>		
Associates	6,525,424.57	7,848,458.82
Total	6,525,424.57	7,848,458.82
<u>Less</u> Allowance for Loss from Impairment	(6,525,424.57)	(7,848,458.82)
Net	-	-
<b>Other Receivables</b>		
Associates	185,542.74	180,285.00
Related Entities	17,978.11	2,206.19
Total	203,520.85	182,491.19
<b>Trade Payables</b>		
Associates	-	2,512,821.80
Related Entities	62,045,742.79	83,470,125.09
Total	62,045,742.79	85,982,946.89
<b>Accrued Expenses</b>		
Related Entities	5,880.48	5,070.00
Related Persons	3,617,002.27	3,728,843.21
Total	3,622,882.75	3,733,913.21
<b>Accrued Interest Expenses</b>		
Related Persons	-	52,054.79
Total	-	52,054.79
<b>Other Payables</b>		
Related Entities	41,606.08	122,918.81
Related Persons	32,127.71	28,922.73
Total	73,733.79	151,841.54
<b>Accrued investment</b>		
Associates	99,997.50	-
Total	99,997.50	-



	(Unit : Baht)	
	As at	As at
	31 December 2020	31 December 2019
<b>Short-Term Borrowings</b>		
Related Persons		
Beginning Balance	60,000,000.00	-
Additional Borrowings	-	60,000,000.00
Repayment	(60,000,000.00)	-
Ending Balance	-	60,000,000.00
<b>Post-Employment Benefits Payable</b>		
Related Persons	-	8,424,680.00
Total	-	8,424,680.00
<b>Lease Liabilities</b>		
Related Entities	36,171,015.00	-
Related Persons	720,000.00	-
Total	36,891,015.00	-

As at 31 December 2020 and 2019, the whole amount of short-term borrowings from related persons is borrowings from the directors of the Company in form of loan agreement for 2 months, the interest rate of 2.50% per annum. Presently, the Company already has completed the repayment.

## 29.4 Inter-Obligations

As at 31 December 2020 and 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons as in Note 31.2

## 29.5 Key Management Personnel Compensation

	(Unit : Baht)	
	For the years ended 31 December 2020	For the years ended 31 December 2019
Short-Term Employee Benefits	25,958,290.00	32,216,950.00
Post-Employment Benefits		
Defined Contribution Plans	421,986.00	500,592.00
Defined Benefit Plans	5,618,439.00	3,080,368.00
Special Severance Pay for Retirement	-	2,535,000.00
Total	<u>31,998,715.00</u>	<u>38,332,910.00</u>

## 30. Cash Flows Information

### 30.1 Non-Cash Transactions

Consist of:

	(Unit : Baht)	
	For the years ended 31 December 2020	For the years ended 31 December 2019
Acquisition of Property, Plant and Equipment		
By assuming Assets Payable		
Value of Assets in Property, Plant and Equipment	11,611.21	1,927,641.55
Value Added Tax in Trade and Other Current Receivables	812.79	100,963.85
By means of Finance Leases	2,299,000.00	965,046.72
Transfer Inventories to Property, Plant and Equipment	23,551.40	7,347,374.00
Transfer Other Intangible Assets		
to Trade and Other Current Receivables	-	240,000.00
Transfer Prepayments for Assets		
to Trade and Other Current Receivables	-	695,412.00
Transfer Prepayments for Assets		
to Property, Plant and Equipment	5,524,047.34	3,788,340.00
Rights-of-use assets increased from the lease	50,850,295.42	-

	(Unit : Baht)	
	For the years ended 31 December 2020	For the years ended 31 December 2019
Transfer Property, Plant and Equipment		
to Non-Current Assets	92.00	-
Pre-received for Asset decrease from		
sale of Investment Property	4,499,993.76	-
Gain (Loss) on Remeasurement of Defined Benefit Plans		
which is recognized in Other Comprehensive Income	2,773,008.27	3,569,478.00

### 30.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2020 and 2019, changes in liabilities arising from financing activities have the movement as follows:

	(Unit : Baht)				
	For the year ended 31 December 2020				
	Beginning Balance	Changes from	Effect of	Other Changes	Ending Balance
	As at	Financing	Changes in		As at
	1 January 2020	Cash Flows	Foreign		31 December 2020
			Exchange Rates		
Defaulted Liabilities	21,562,032.28	(21,562,032.28)	-	-	-
Overdrafts and Short-Term Borrowings					
from Financial Institutions	779,218,169.46	(116,276,422.45)	(453,837.25)	-	662,487,909.76
Short-Term Borrowings	60,000,000.00	(60,000,000.00)	-	-	-
Long-Term Borrowings					
Current	60,451,000.00	(10,704,000.00)	-	8,736,000.00	58,483,000.00
Non-Current	14,654,000.00	100,000,000.00	-	(8,736,000.00)	105,918,000.00
Finance Lease Liabilities					
Current	10,247,970.43	(19,403,475.30)	-	28,569,800.03	19,414,295.16
Non-Current	15,667,531.13	-	-	23,889,795.39	39,557,326.52
Accrued Interest Expenses	2,549,712.26	(39,888,224.06)	-	37,950,918.43	612,406.63
Dividends Payable	1,014,050.65	-	-	-	1,014,050.65
Asset Payable	2,028,605.40	(2,028,605.40)	-	12,424.00	12,424.00
Total	967,393,071.61	(169,862,759.49)	(453,837.25)	90,422,937.85	887,499,412.72

(Unit : Baht)

	For the year ended 31 December 2019				Ending Balance As at 31 December 2019
	Beginning Balance As at 1 January 2019	Changes from Financing Cash Flows	Effect of Changes in Foreign Exchange Rates	Other Changes	
Defaulted Liabilities	-	-	-	21,562,032.28	21,562,032.28
Overdrafts and Short-Term Borrowings					
from Financial Institutions	1,200,386,786.29	(399,228,525.94)	(505,052.78)	(21,435,038.11)	779,218,169.46
Short-Term Borrowings	-	60,000,000.00	-	-	60,000,000.00
Long-Term Borrowings					
Current	13,404,000.00	(19,407,000.00)	-	66,454,000.00	60,451,000.00
Non-Current	41,108,000.00	40,000,000.00	-	(66,454,000.00)	14,654,000.00
Finance Lease Liabilities					
Current	10,916,045.67	(11,084,887.06)	-	10,416,811.82	10,247,970.43
Non-Current	25,119,296.23	-	-	(9,451,765.10)	15,667,531.13
Accrued Interest Expenses	3,653,848.97	(45,844,412.78)	-	44,740,276.07	2,549,712.26
Dividends Payable	1,013,832.65	(8,796,667.68)	-	8,796,885.68	1,014,050.65
Assets Liabilities	1,944,738.13	(1,944,738.13)	-	2,028,605.40	2,028,605.40
Total	1,297,546,547.94	(386,306,231.59)	(505,052.78)	56,657,808.04	967,393,071.61

### 31. Obligations and Contingent Liabilities

In addition to liabilities in the statement of financial position as at 31 December 2020 and 2019, the Company has obligations and contingent liabilities as follows:

31.1 As at 31 December 2020 and 2019, the Company has obligations and contingent liabilities with financial institutions as follows:

	As at 31 December 2020			As at 31 December 2019		
	Total Limit	Utilized Limit	Remaining Limit	Total Limit	Utilized Limit	Remaining Limit
Overdrafts						
Million Baht	100.00	(51.50)	48.50	100.00	(20.58)	79.42
Promissory Notes, Letters of Credit and Trust Receipts						
Million Baht	1,570.00	(704.58)	865.42	1,630.00	(780.09)	849.91
Million USD	3.00	(0.87)	2.13	3.00	(1.25)	1.75
Letters of Guarantee						
Million Baht	15.00	(7.45)	7.55	15.00	(7.59)	7.41
Currency Forward Contracts						
Million Baht	1,090.00	(53.58)	1,036.42	1,090.00	(122.18)	967.82
Corporate Credit Card						
Million Baht	1.60	(0.17)	1.43	1.60	(0.22)	1.38

31.2 As at 31 December 2020 and 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons. The contracts are for a period of 12 months ended 31 December 2020, the consultancy rate is in the amount of Baht 0.10 million and of Baht 0.60 million per month respectively.

31.3 As at 31 December 2020 and 2019, the Company has obligations in accordance with the service contracts with other entities in the amount of Baht 10.86 million and of Baht 6.44 million respectively.

31.4 As at 31 December 2020 and 2019, the Company has obligations to future lease payments in accordance with the office equipment lease contracts with other entities as follows:

	(Unit : Million Baht)	
	As at 31 December 2020	As at 31 December 2019
Not later than 1 year	0.22	0.22
Later than 1 year but not later than 5 years	0.21	0.43
Total	<u>0.43</u>	<u>0.65</u>

31.5 As at 31 December 2020 and 2019, the Company has obligations to future payments for capital expenditure with other entities to acquire significant property, plant and equipment which are not yet recognized as follows:

	As at 31 December 2020	As at 31 December 2019
Million Baht	1.36	1.36
Million USD	-	0.02
Million EUR	-	0.11

## 32. Reclassifications

The financial information for the prior period which is presented as comparative information has been reclassified for comparability with the classification in the financial statements for the current period, which does not have any effect on profit (loss) for the year or the shareholders' equity already reported, are summarized as follows:

	(Unit : Baht)		
	As Previously Reported	Reclassification	As Currently Reported
<b>Statement of comprehensive income</b>			
<b>For the year ended 31 December 2019</b>			
Distribution Costs	240,513,212.97	(35,431,448.80)	205,081,764.17
Administrative Expenses	187,700,886.20	35,431,448.80	223,132,335.00

**33. Event after the Reporting Period**

In accordance with the Board of Directors of Meeting No.1/2021, on 23 February 2021, has resolved to approve the dividend payment for operation for the year ended 31 December 2020 and retained earnings unappropriated at Baht 0.02 per share and resolved to appropriate the yearly net profit as legal reserve 5% of net profit. This matter shall be proposed to the Meeting of shareholders for consideration and approval.

**34. Approval of the Financial Statements**

These financial statements have been approved for issue by the Board of Directors of CPL Group Public Company Limited on 23 February 2021.

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