

Thai Agro Energy Public Company Limited
Report and financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Thai Agro Energy Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Agro Energy Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter and how audit procedures respond is described below.

Revenue recognition

Major revenue of the Company is derived from production and distribution of ethanol. The Company recognised revenue, based on the contractual price, when control of goods is transferred to the customer, generally on delivery goods. The price is based on the market price with adjusted by other factors . Revenue from sales is a significant account because the amount of revenue from sales is material and directly affects the Company's profit or loss. In addition, selling prices are based on the fluctuated market price and current demands. I therefore gave significant attention to the revenue recognition of the Company.

I have examined the revenue recognition of the Company by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, applying a sampling method to select sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Company's policy, on a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, reviewing credit notes that the Company issued after the period-end and performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Patcharawan Koonarangsri
Certified Public Accountant (Thailand) No. 6650

EY Office Limited
Bangkok: 15 February 2021

Thai Agro Energy Public Company Limited

Statement of financial position

As at 31 December 2020

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets			
Cash and cash equivalents	8	26,502,194	25,440,854
Current investments - open-end fund		-	1,055,719
Trade and other receivables	9	179,079,042	200,305,368
Inventories	10	124,556,291	424,486,868
Advance payments for purchase of goods	11	181,176,238	602,561,591
Current tax assets		5,153,084	-
Other current financial asset		1,064,763	-
Other current assets		9,482,078	49,052,522
Total current assets		<u>527,013,690</u>	<u>1,302,902,922</u>
Non-current assets			
Biological assets	12	6,458,681	1,957,439
Property, plant and equipment	13	2,784,448,289	2,826,018,145
Right-of-use assets	14	33,306,571	-
Intangible assets	15	1,246,132	2,006,169
Deferred tax assets	23	4,734,199	2,977,566
Other non-current financial assets		768,760	768,760
Total non-current assets		<u>2,830,962,632</u>	<u>2,833,728,079</u>
Total assets		<u><u>3,357,976,322</u></u>	<u><u>4,136,631,001</u></u>

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

Thai Agro Energy Public Company Limited

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	16	915,329,781	1,391,293,739
Trade and other payables	7, 17	124,856,093	161,020,562
Current portion of liabilities under finance lease agreements		-	3,008,443
Current portion of lease liabilities	14	7,244,230	-
Current portion of long-term loans	18	143,834,250	143,834,250
Income tax payable		-	1,769,824
Provision for short-term employee benefits	19	3,126,143	57,096
Other current liabilities		<u>15,156,118</u>	<u>25,055,844</u>
Total current liabilities		<u>1,209,546,615</u>	<u>1,726,039,758</u>
Non-current liabilities			
Liabilities under finance lease agreements - net of current portion		-	8,979,997
Lease liabilities - net of current portion	14	26,214,219	-
Long-term loans - net of current portion	18	316,447,177	460,281,427
Provision for long-term employee benefits	19	<u>7,075,438</u>	<u>5,502,210</u>
Total non-current liabilities		<u>349,736,834</u>	<u>474,763,634</u>
Total liabilities		<u>1,559,283,449</u>	<u>2,200,803,392</u>

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

Thai Agro Energy Public Company Limited

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital			
Registered			
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000
Issued and fully paid up			
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000
Share premium		188,795,985	188,795,985
Capital reserve for share-based payment transactions		556,451	556,451
Retained earnings			
Appropriated - statutory reserve	20	100,000,000	100,000,000
Appropriated - general reserve		192,000,000	192,000,000
Unappropriated		317,340,437	454,475,173
Total shareholders' equity		1,798,692,873	1,935,827,609
Total liabilities and shareholders' equity		3,357,976,322	4,136,631,001

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

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Directors
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Thai Agro Energy Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Profit or loss:			
Revenues			
Revenue	24	2,405,991,084	2,534,001,580
Other income	22	<u>2,613,214</u>	<u>43,099,917</u>
Total revenues		<u>2,408,604,298</u>	<u>2,577,101,497</u>
Expenses			
Cost of sales	21	2,206,705,284	1,924,473,971
Selling and distribution expenses		15,963,822	21,452,430
Administrative expenses		<u>69,679,318</u>	<u>64,773,742</u>
Total expenses		<u>2,292,348,424</u>	<u>2,010,700,143</u>
Operating profit		116,255,874	566,401,354
Finance income		45,734	123,645
Finance cost		<u>(40,058,921)</u>	<u>(36,785,941)</u>
Profit before income tax expenses		76,242,687	529,739,058
Income tax expenses	23	<u>(6,069,290)</u>	<u>(16,114,191)</u>
Profit for the year		<u>70,173,397</u>	<u>513,624,867</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods</i>			
Actuarial loss		(2,885,421)	-
Less: Income tax effect	23	<u>577,084</u>	-
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods - net to income tax</i>			
		<u>(2,308,337)</u>	-
Other comprehensive income for the year		<u>(2,308,337)</u>	-
Total comprehensive income for the year		<u>67,865,060</u>	<u>513,624,867</u>
Earnings per share			
25			
Basic earnings per share			
Profit for the year		<u>0.07</u>	<u>0.51</u>
Weighted average number of ordinary shares (shares)		<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

Thai Agro Energy Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2020

(Unit: Baht)

Note	Issued and fully paid up		Capital reserve for share-based payment	Retained earnings			Total
	share capital	Share premium	transactions	Appropriated			
				Statutory reserve	General reserve	Unappropriated	
Balance as at 1 January 2019	1,000,000,000	188,795,985	556,451	100,000,000	192,000,000	290,850,286	1,772,202,722
Profit for the year	-	-	-	-	-	513,624,867	513,624,867
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	513,624,867	513,624,867
Dividend paid	28	-	-	-	-	(349,999,980)	(349,999,980)
Balance as at 31 December 2019	<u>1,000,000,000</u>	<u>188,795,985</u>	<u>556,451</u>	<u>100,000,000</u>	<u>192,000,000</u>	<u>454,475,173</u>	<u>1,935,827,609</u>
Balance as at 1 January 2020	1,000,000,000	188,795,985	556,451	100,000,000	192,000,000	454,475,173	1,935,827,609
Profit for the year	-	-	-	-	-	70,173,397	70,173,397
Other comprehensive income for the year	-	-	-	-	-	(2,308,337)	(2,308,337)
Total comprehensive income for the year	-	-	-	-	-	67,865,060	67,865,060
Dividend paid	28	-	-	-	-	(204,999,796)	(204,999,796)
Balance as at 31 December 2020	<u>1,000,000,000</u>	<u>188,795,985</u>	<u>556,451</u>	<u>100,000,000</u>	<u>192,000,000</u>	<u>317,340,437</u>	<u>1,798,692,873</u>

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

Thai Agro Energy Public Company Limited**Statement of cash flows****For the year ended 31 December 2020**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Profit before tax	76,242,687	529,739,058
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	176,263,417	167,169,052
Reversal of allowance for impairment in advance payments for purchase of goods	-	(204,878)
Write-off current tax assets	-	2,493,422
Gain on disposals of equipment	(362,624)	(1,332,500)
Unrealised gain on change in value of investment in open-end fund	(9,044)	(18,892)
Provision for long-term employee benefits	1,756,854	1,345,365
Finance income	(45,734)	(123,645)
Finance cost	<u>40,050,632</u>	<u>36,769,500</u>
Profit from operating activities before changes in operating assets and liabilities	293,896,188	735,836,482
Operating assets (increase) decrease		
Trade and other receivables	21,218,536	75,588,363
Current tax assets	-	7,066,070
Inventories	299,930,577	(282,879,312)
Advance payment for purchase of goods	421,385,353	(57,229,131)
Other current assets	39,570,444	(44,719,778)
Operating liabilities increase (decrease)		
Trade and other payables	(21,343,890)	56,388,524
Other current liabilities	(8,341,718)	3,931,055
Provision for long-term employee benefits	<u>-</u>	<u>(1,311,345)</u>
Cash from operating activities	1,046,315,490	492,670,928
Cash received from interest income	53,524	118,355
Cash paid for interest expenses	(40,867,219)	(36,589,469)
Cash paid for income tax	<u>(14,171,747)</u>	<u>(36,573,768)</u>
Net cash from operating activities	<u>991,330,048</u>	<u>419,626,046</u>

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

Thai Agro Energy Public Company Limited

Statement of cash flows (continued)

For the year ended 31 December 2020

(Unit: Baht)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities		
Acquisitions of Mangium sprout and planting cost	(4,501,242)	(1,957,439)
Acquisitions of property, plant and equipment	(155,595,699)	(265,704,070)
Acquisitions of intangible assets	(108,000)	(352,983)
Proceeds from disposals equipment	<u>934,579</u>	<u>1,785,981</u>
Net cash used in investing activities	<u>(159,270,362)</u>	<u>(266,228,511)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans from financial institutions	(475,963,958)	216,581,594
Net increase in long-term loans	-	77,981,495
Cash paid for long-term loans	(144,000,000)	(102,000,000)
Cash paid for lease liabilities	(7,882,578)	-
Cash paid for liabilities under finance lease agreements	-	(2,756,400)
Cash paid for dividend	<u>(203,151,810)</u>	<u>(349,954,670)</u>
Net cash used in financing activities	<u>(830,998,346)</u>	<u>(160,147,981)</u>
Net decrease in cash and cash equivalents	1,061,340	(6,750,446)
Cash and cash equivalents at beginning of year	<u>25,440,854</u>	<u>32,191,300</u>
Cash and cash equivalents at end of year (Note 8)	<u><u>26,502,194</u></u>	<u><u>25,440,854</u></u>

Supplemental cash flows information

Non-cash related transaction from investing activities

Accounts payables from purchases of plant and equipment and intangible assets	2,451,279	19,119,844
Acquisitions of equipment under finance lease agreements	-	11,751,940
Acquisitions of right-of-use assets under lease agreements	6,350,000	-
Transfer right-of-use asset to equipment	571,954	-

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

Thai Agro Energy Public Company Limited

Notes to financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

Thai Agro Energy Public Company Limited (“the Company”) was incorporated as a limited company and domiciled in Thailand and was transformed to be a public limited company under Thai laws on 18 October 2007. Its parent company is Lanna Resources Public Co., Ltd., which is a public limited company incorporated in Thailand. The Company operates in Thailand and is principally engaged in production and distribution of ethanol for fuel. The registered office of the Company is at 888/114, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

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

2. Basis of preparation

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

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

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

3 New financial reporting standards

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

TFRS 16 Leases

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

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

The Company recognised the cumulative effect of the adoption of this financial reporting standards as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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

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

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

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

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

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

(Unit: Thousand Baht)

	31 December 2019	The effect of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Current investment - open-end fund	1,056	(1,056)	-	-
Other current financial assets	-	1,056	-	1,056
Non-current assets				
Property, plant and equipment	2,826,018	-	(12,941)	2,813,077
Right-of-use-assets	-	-	26,227	26,227
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	6,361	6,361
Current portion of liabilities under finance lease contracts	3,008	-	(3,008)	-
Non-current liabilities				
Lease liabilities, net of current portion	-	-	18,913	18,913
Liabilities under finance lease contracts - net of current portion	8,980	-	(8,980)	-

4.1 Financial instruments

- a) As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	The former carrying amounts	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	25,441	-	-	25,441	25,441
Trade and other receivables	200,305	-	-	200,305	200,305
Other current financial assets	1,056	1,056	-	-	1,056
Total financial assets	226,802	1,056	-	225,746	226,802

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

4.2 Leases

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

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	8,910
Add: Option to extend lease term	8,974
Less: Short-term leases and leases of low-value assets	(388)
Contracts reassessed as service agreements	(3,739)
Deferred interest expenses	(471)
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Increase in lease liabilities due to the adoption of TFRS 16	13,286
Liabilities under finance lease agreements as at 31 December 2019	11,988
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Lease liabilities as at 1 January 2020	25,274
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Weighted average incremental borrowing rate (percent per annum)	1.57
Comprise of:	
Current lease liabilities	6,361
Non-current lease liabilities	18,913
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	25,274
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5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

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

Interest income

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

Finance cost

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

5.2 Cash and cash equivalents

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

5.3 Inventories

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

Raw materials and supplies are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

Net realisable value is selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make sale.

5.4 Agriculture

The Company's biological assets consist of Mangium which was measured at its fair value less costs to sell. The fair value of Mangium is determined based on discounted cash flows/ reference to price of Mangium at the point of harvest. Gains or losses on changes in fair value of biological asset is recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the Company shall measure it at its fair value less costs to sell.

5.5 Property, plant and equipment and depreciation

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

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and amenities	5 - 30	years
Machinery and equipment	5 - 30	years
Office equipment	3, 5, 15	years
Motor vehicles	5	years

No depreciation is provided for land, land improvement, and assets under construction and installation.

Depreciation is included in determining income.

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

5.6 Leases

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

Accounting policies adopted since 1 January 2020

The Company as a lessee

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

Right-of-use assets

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

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

Building	2 - 7 years
Machinery and equipment	5 years
Office equipment	2 - 5 years
Motor vehicles	2 - 5 years

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

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

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

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Government grants related to assets

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as a deduction to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

5.9 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	3, 5, 10 years

5.10 Related party transactions

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

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

5.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.12 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of non-financial 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.

An impairment loss is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as defined benefit plans.

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

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

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

5.14 Provisions

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

5.15 Income tax

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

Current tax

The Company provides income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legalisation. Corporate income tax rate is 20 percent for non-promoted operations and exemption from corporate income tax for promoted operations.

Deferred tax

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

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

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

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

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

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

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

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

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

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

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

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

Offsetting of financial instruments

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

Accounting policies adopted before 1 January 2020

Trade accounts receivable

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

Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

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

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

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

5.17 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

Leases

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, 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's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

Property, plant and equipment and depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

7. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on agreed upon between the Company and those related parties.

	<u>2020</u>	<u>2019</u>	(Unit: Baht) <u>Transfer Pricing Policy</u>
<u>Transactions with parent company</u>			
Dividend paid	104,550,000	178,500,000	Declared rate
<u>Transactions with related companies</u>			
Purchase of goods	15,744,573	-	Market price

The outstanding balances of the accounts as at 31 December 2020 and 2019 between the Company and related party are as follows:

	<u>2020</u>	<u>2019</u>
<u>Trade payables - related party (Note 17)</u>		
Related company (Related by common share holder)	399,228	-
Total trade payables - related party	<u>399,228</u>	<u>-</u>

Directors and management's benefits

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

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	26,018,840	28,199,638
Post-employment benefits	1,398,636	276,621
Total	<u>27,417,476</u>	<u>28,476,259</u>

8. Cash and cash equivalents

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Cash	34,562	44,872
Bank deposits	26,467,632	25,395,982
Total	<u>26,502,194</u>	<u>25,440,854</u>

As at 31 December 2020, bank deposits in savings accounts carried interests at the rates between 0.05 and 0.125 percent per annum (2019: between 0.10 and 0.35 percent per annum).

9. Trade and other receivables

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Trade receivables	169,914,750	191,252,891
Other receivables	9,164,119	8,544,040
Loans to employee	-	500,474
Interest receivable	173	7,963
Total trade and other receivables	<u>179,079,042</u>	<u>200,305,368</u>

The outstanding balances of trade receivables as at 31 December 2020 amounting to Baht 169.9 million (2019: Baht 191.3 million) are undue trade receivables.

10. Inventories

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Finished goods	10,851,103	76,134,017
Work in process	14,712,284	14,197,796
Raw materials	76,792,004	320,009,247
Supplies	22,200,900	14,145,808
Total	<u>124,556,291</u>	<u>424,486,868</u>

11. Advance payments for purchase of goods

During the year, the Company had significant business transactions with local companies in respect of purchases of molasses under the purchase of molasses agreement. To comply with the conditions in the agreements, as at 31 December 2020, the Company had paid advance payments for purchase of molasses amounting to Baht 181.2 million (2019: Baht 602.6 million).

12. Biological assets

	(Unit: Baht)
Balance as at 1 January 2020	1,957,439
Increase due to cost of planting	4,501,242
Balance as at 31 December 2020	<u>6,458,681</u>

13. Property, plant and equipment

						(Unit: Baht)	
	Land and land improvement	Building and amenities	Machineries and equipment	Office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2019	296,177,046	481,429,906	2,643,553,440	21,866,624	30,747,217	361,694,899	3,835,469,132
Purchase	10,723,200	5,677,263	13,141,943	2,762,347	14,561,437	189,839,329	236,705,519
Additions	-	-	-	-	(9,368,703)	-	(9,368,703)
Transfers in (out)	153,000	75,685,869	50,429,606	-	-	(126,268,475)	-
31 December 2019	307,053,246	562,793,038	2,707,124,989	24,628,971	35,939,951	425,265,753	4,062,805,948
Adjustment due to first time adoption of TFRS 16	-	-	-	(272,000)	(19,819,240)	-	(20,091,240)
Purchase	130,000	2,374,510	11,621,997	1,583,683	345,245	122,871,699	138,927,134
Disposals/write-off	-	-	-	-	(4,947,000)	-	(4,947,000)
Transfers in (out)	-	907,112	41,659,610	-	4,947,000	(42,566,722)	4,947,000
31 December 2020	307,183,246	566,074,660	2,760,406,596	25,940,654	16,465,956	505,570,730	4,181,641,842
Accumulated depreciation							
1 January 2019	-	101,463,757	933,671,959	18,435,730	25,833,729	-	1,079,405,175
Depreciation for the year	-	24,585,549	136,479,373	1,774,291	3,458,637	-	166,297,850
Depreciation for disposals/write-off	-	-	-	-	(8,915,222)	-	(8,915,222)
31 December 2019	-	126,049,306	1,070,151,332	20,210,021	20,377,144	-	1,236,787,803
Adjustment due to first time adoption of TFRS 16	-	-	-	(126,982)	(7,022,896)	-	(7,149,878)
Depreciation for the year	-	26,514,065	138,600,069	1,767,236	674,258	-	167,555,628
Depreciation for disposals/write-off	-	-	-	-	(4,375,046)	-	(4,375,046)
Transfer in	-	-	-	-	4,375,046	-	4,375,046
31 December 2020	-	152,563,371	1,208,751,401	21,850,275	14,028,506	-	1,397,193,553
Net book value							
31 December 2019	307,053,246	436,743,732	1,636,973,657	4,418,950	15,562,807	425,265,753	2,826,018,145
31 December 2020	307,183,246	413,511,289	1,551,655,195	4,090,379	2,437,450	505,570,730	2,784,448,289
Depreciation for the year							
2019 (Baht 162 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)							<u>166,297,850</u>
2020 (Baht 162 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)							<u>167,555,628</u>

As at 31 December 2020, the Company had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 381.8 million (2019: Baht 374.4 million). The construction has been financed with loans from a financial institution. Borrowing costs amounting to Baht 7.3 million were capitalised during the year (2019: Baht 11.4 million). The weighted average rate of 2.3 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (2019: 3.1 to 3.8 percent per annum).

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2020 amounting to approximately Baht 1,414.0 million (2019: Baht 1,513.7 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 16 and 18.

As at 31 December 2020, certain machineries and equipment, office equipment and motor vehicles have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 288.9 million (2019: Baht 108.1 million).

14. Leases

The Company as a lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 2 - 7 years.

14.1 Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2020 are summarised below.

	(Unit: Baht)				
	Building	Machinery and equipment	Office equipment	Motor vehicles	Total
At 1 January 2020	11,527,240	791,737	145,019	13,763,084	26,227,080
Additions	-	-	200,000	6,150,000	6,350,000
Transfer out	-	-	-	(571,954)	(571,954)
Adjustment from reassessment	9,141,197	-	-	-	9,141,197
Depreciation for the year	(2,921,129)	(172,836)	(81,250)	(4,664,537)	(7,839,752)
At 31 December 2020	<u>17,747,308</u>	<u>618,901</u>	<u>263,769</u>	<u>14,676,593</u>	<u>33,306,571</u>

14.2 Lease liabilities

	(Unit: Baht)
	<u>2020</u>
Lease payments	34,996,549
Less: Deferred interest expenses	(1,538,100)
Total	<u>33,458,449</u>
Less: Portion due with one year	(7,244,230)
Lease liabilities, net of current portion	<u><u>26,214,219</u></u>

A maturity analysis of lease payments is disclosed in Note 32 to the financial statements under the liquidity risk.

Movements of lease liabilities for the year ended 31 December 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020	25,274,159
Add: Additions during the year	6,350,000
Accretion of interest	575,671
Adjustment from reassessment	9,141,197
Less: Payments during the year	(7,882,578)
Balance as at 31 December 2020	<u><u>33,458,449</u></u>

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

	(Unit: Baht)
	For the year ended
	<u>31 December 2020</u>
Depreciation expenses of right-of-use assets	7,839,752
Interest expenses on lease liabilities	575,671
Expenses relating to short-term leases	1,567,424
Expenses relating to leases of low-value assets	88,462
Expenses relating to variable lease payments	65,340

14.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 9.6 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments.

15. Intangible assets

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

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Cost	9,440,046	9,332,046
Less: Accumulated amortisation	<u>(8,193,914)</u>	<u>(7,325,877)</u>
Net book value	<u><u>1,246,132</u></u>	<u><u>2,006,169</u></u>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	2,006,169	2,662,311
Additions	108,000	215,060
Amortisation for the year	<u>(868,037)</u>	<u>(871,202)</u>
Net book value at end of year	<u><u>1,246,132</u></u>	<u><u>2,006,169</u></u>

16. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Promissory notes	2.67 - 2.75	2.75 - 2.95	588,405,250	943,222,000
Trust receipts	2.24 - 2.68	2.53 - 2.73	326,924,531	448,071,739
Total			<u>915,329,781</u>	<u>1,391,293,739</u>

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

(Unit: Baht)

Balance as at 1 January 2020	1,391,293,739
Add: Additional borrowings	2,433,560,310
Less: Repayment during the year	<u>(2,909,524,268)</u>
Balance as at 31 December 2020	<u>915,329,781</u>

Credit facilities of short-term loans from financial institutions is secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 13.

As at 31 December 2020, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,144.7 million (2019: Baht 668.7 million).

17. Trade and other payables

(Unit: Baht)

	<u>2020</u>	<u>2019</u>
Trade payables - related party	399,228	-
Trade payables - unrelated party	104,807,151	124,476,898
Other payables - unrelated party	16,538,773	35,280,709
Dividend payables - unrelated party	3,110,941	1,262,955
Total trade and other payables	<u>124,856,093</u>	<u>161,020,562</u>

18. Long-term loans

(Unit: Baht)

No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	As at 31 December	
				2020	2019
1	418.0	3M THBFIX + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The principal is payable in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months.	280,502,512	364,413,762
2	300.0	3M THBFIX + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	179,778,915	239,701,915
Total				460,281,427	604,115,677
Less: Current portion				(143,834,250)	(143,834,250)
Long-term loans, net of current portion				316,447,177	460,281,427

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

	(Unit: Baht)
Balance as at 1 January 2020	604,115,677
Add: Amortisation of transaction costs during the year	165,750
Less: Repayment during the year	(144,000,000)
Balance as at 31 December 2020	460,281,427

The loan is secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 13.

Such loan agreements contain covenants that, among other things, require the Company to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreement.

As at 31 December 2020 and 2019, the Company could maintain certain financial ratios as specified in the long-term loan agreement.

As at 31 December 2020, the long-term credit facilities of the Company which has not yet been drawn down amounted to Baht 11.2 million (2019: Baht 11.2 million).

19. Provision for long-term employee benefits

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

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	5,559,306	5,525,286
Included in profit or loss:		
Current service cost	1,638,949	629,848
Interest cost	117,905	103,707
Past service cost	-	611,810
Included in statement of comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	349	-
Financial assumptions changes	705,320	-
Experience adjustments	2,179,752	-
Benefits paid during the year	-	(1,311,345)
Provision for long-term employee benefits at end of year	<u>10,201,581</u>	<u>5,559,306</u>
Provision for long-term employee benefits		
Current	3,126,143	57,096
Non-current	7,075,438	5,502,210
	<u>10,201,581</u>	<u>5,559,306</u>

In 2020, the Company expects to pay Baht 3.1 million of long-term employee benefits during the next year (2019: Baht 0.1 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2019: 10 years and 14 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2020</u>	<u>2019</u>
Discount rate	1.64	2.4, 2.9
Salary increase rate	5.0, 6.0	5.0, 6.0
Turnover rate	2.9 - 34.4	2.9 - 34.4

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

	(Unit: Baht)	
	<u>As at 31 December 2020</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(372,280)	402,982
	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>
Salary increase rate	774,651	(678,451)
	<u>Increase 20.0%</u>	<u>Decrease 20.0%</u>
Turnover rate	(1,564,627)	2,272,723

	(Unit: Baht)	
	<u>As at 31 December 2019</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(216,757)	234,640
	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>
Salary increase rate	562,139	(485,636)
	<u>Increase 20.0%</u>	<u>Decrease 20.0%</u>
Turnover rate	(1,073,801)	1,605,313

20. Statutory reserve

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

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Raw materials and consumables used	1,781,576,117	1,627,638,285
Changes in inventories of finished goods and work in process	45,857,053	(54,370,854)
Depreciation and amortisation	176,226,373	167,169,052
Salaries, wages and other employee benefits	106,511,253	111,866,536
Electricity and fuel expenses	90,344,742	80,198,625
Repair and maintenance expenses	23,942,473	23,793,226
Distribution expenses	15,731,114	21,112,183

22. Damage from flood event

In October 2017, it was inundated by flood, which caused the collapse of a part of the vinasse reservoirs at the Company's ethanol plant, resulting in overflows of treated vinasse into a village and some related agricultural areas. The Company therefore had to pay compensation and the Ministry of Industry ordered to shut down its ethanol plant temporarily in order to repair the damaged reservoirs to a safe level. The Company investigated the damages and recorded damage from flood of Baht 73.3 million and Baht 2.3 million in profit or loss for the year 2017 and 2018, respectively.

However, the Company has insurance covering the damages in which sum insured Baht 50 million per each incident. The Company claimed compensation for its losses according to the policy made with the insurer. The insurer agreed to pay the compensation to the Company in the amount of Baht 40 million. Therefore, the Company has recognised this compensation as other income in the profit or loss for the year 2019. In October 2019, the Company has already received the full amount of the compensation from the insurance company.

23. Income tax

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

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Current income tax:		
Current income tax charge	-	16,058,549
Adjustment in respect of income tax of previous year	7,248,839	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(1,179,549)</u>	<u>55,642</u>
Income tax expenses reported in the profit or loss	<u>6,069,290</u>	<u>16,114,191</u>

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

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Deferred tax on actuarial loss	<u>(577,084)</u>	<u>-</u>

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

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>76,242,687</u>	<u>529,739,058</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	15,248,537	105,947,812
Adjustment in respect of income tax of previous year	7,248,839	-
Effects of:		
Promotional privileges (Note 24)	<u>(18,043,492)</u>	<u>(75,150,614)</u>
Non-deductible expenses	1,486,927	744,435
Additional expense deductions allowed	(727,162)	(16,316,628)
Others	855,641	889,186
Total	<u>(16,428,086)</u>	<u>(89,833,621)</u>
Income tax expenses reported in the profit or loss	<u>6,062,290</u>	<u>16,114,191</u>

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

	(Unit: Baht)	
	Statements of financial position as at 31 December	
	<u>2020</u>	<u>2019</u>
Deferred tax assets		
Government grants	5,110,906	5,256,122
Financial leases	-	1,207,023
Lease liabilities	2,010,189	-
Provision for short-term employee benefits	343,402	174,619
Provision for long-term employee benefits	1,415,087	915,923
Income tax loss	1,082,472	-
Total	<u>9,962,056</u>	<u>7,553,687</u>
Deferred tax liabilities		
Accumulated depreciation - Machineries	3,421,318	3,421,318
Accumulated depreciation - Finance lease agreements	-	1,154,803
Accumulated depreciation - Right-of-use	1,806,539	-
Total	<u>5,227,857</u>	<u>4,576,121</u>
Deferred tax assets, net	<u><u>4,734,199</u></u>	<u><u>2,977,566</u></u>

24. Promotional privileges

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

Certificate No.	2078(9)/2551	62-0394-1-04-1-0
Date	19 November 2008	22 April 2019
1. Promotional privileges for	Manufacture of ethanol (99.5%)	Manufacture of alcohol
2. Significant privileges		
2.1 Exemption from corporate income tax on income derived from the promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted.	8 years (expired on 1 April 2020)	3 years or not exceed 50 percent of the investment (will expire on 22 April 2022)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1).	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	-
3. Date of first earning operating income	2 April 2012	23 April 2019

As a promoted company, the Company has to comply with certain conditions and restrictions provided for in the promotional certificates.

The Company's operating revenues for the years ended 31 December 2020 and 2019 were domestic sales, divided between promoted and non-promoted operations, are summarised below:

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
Revenues from sales		
Promoted operations	1,321,470,986	2,242,168,703
Non-promoted operations	1,084,520,098	291,832,877
Total	<u>2,405,991,084</u>	<u>2,534,001,580</u>

25. Earnings per share

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

26. Segment information

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

The Company is organised into business units based on its products. The Company recognised revenue at the point in time. During the year 2019, the Company has added a reportable segment, which is soil conditioner. However, at present the operation of such segment is insignificant.

For the year 2020, the Company has revenue from 3 major customers in amount of Baht 1,150 million, Baht 904 million and Baht 157 million (2019: revenue from 3 major customers in amount of 1,139 million, Baht 734 million and Baht 312 million).

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 to 15 percent of basic salary. The fund, which is managed by Bank of Ayudhaya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 3.8 million (2019: Baht 3.1 million) were recognised as expenses.

28. Dividend paid

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<u>2020</u>				
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 July 2019 to 31 December 2019	Board of Directors' meeting on 9 April 2020	149,999,850	0.150	8 May 2020
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 January 2020 to 30 June 2020	Board of Directors' meeting on 20 August 2020	54,999,946	0.055	18 September 2020
Total		<u>204,999,796</u>	<u>0.205</u>	
<u>2019</u>				
Final dividends in respect of operation income from BOI promoted operation for the period from 1 July 2018 to 31 December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000,000	0.150	24 May 2019
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 January 2019 to 30 June 2019	Board of Directors' meeting on 15 August 2019	199,999,980	0.200	13 September 2019
Total		<u>349,999,980</u>	<u>0.350</u>	

29. Commitment and contingent liabilities

29.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 13.7 million, relating to the construction of Vinasse Evaporation Reservoirs (2019: Baht 16.4 million).

29.2 Lease and service commitments

- a) The Company has entered into several leases of low-value assets or short-term lease agreements and other services. As at 31 December 2020, the Company had future lease and other service payments as below.

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>
Payable:		
In up to 1 year	1.9	4.0
In over 1 year and up to 5 years	0.3	1.0

- b) The Company entered into a power supply agreement with the Provincial Electricity Authority for a period of one year and being automatically renewed for every one-year period. The Company shall pay power supply at the rate as stipulated in the agreement.

29.3 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 5.0 million to guarantee contracted performance for using of electric to the Provincial Electricity Authority (2019: Baht 5.0 million).

30. Litigation

On September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case has been finished on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2014 (the countersue date) until completion of payment. Now the execution of judgment is in process.

In addition, on 18 May 2018, the Company sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The Company has already made attachment of the claim.

The Company recorded allowance for impairment in advance paid to that company for a whole amount. Subsequently, on 13 August 2019, the Company received partial payment of Baht 0.2 million from that company. The Company recorded such amount as reversal of the allowance for impairment in advance payment for purchase of goods, which was presented as revenue in profit or loss for the year 2019.

31. Fair value hierarchy

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

	(Unit: Baht)			
	As at 31 December 2020		As at 31 December 2019	
	Level 2	Total	Level 2	Total
Assets measured at fair value				
Investments in open-end fund	1,064,763	1,064,763	1,055,719	1,055,719

32. Financial instruments

32.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, other non-current financial assets, trade and other receivables, short-term loans, trade and other payables, lease liabilities and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if subject to enforcement activity, such trade receivables will be reviewed by the management or the Company's Board of Directors or the Company's Executive Committee.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management or the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the management or the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

Market risk

There are significant two types of market risk comprises interest rate risk and currency risk.

Foreign currency risk

The Company assumes no foreign currency risk from purchase and sale transactions since most of the transactions are denominated in Thai Baht.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its interest-bearing bank deposits, short-term loans and bank overdrafts, lease liabilities, and long-term loan. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Company manages its interest rate risk by providing loans with both fixed and variable interest rates, which must be approved by the management or the Board of Directors. The Company has an interest rate risk management policy by closely monitoring and controlling interest rate risk. Also, monitoring the economic situation, money market and capital market conditions and direction of interest rates that may cause interest rate risk factors. If there is a fluctuation in market interest rates or future direction that will affect the operating results and cash flows, the Company will consider using an interest rate swap contract in order to exchange difference interest amounts between fixed interest rates and variable rates by referencing principal value of the contract at specified intervals.

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

(Unit: Million Baht)

	As at 31 December 2020						Effective interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	Over 1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	24.9	1.6	26.5	0.05 - 0.125
Other non-current financial assets	-	-	-	-	1.1	1.1	-
Trade and other receivables	-	-	-	-	179.1	179.1	-
	-	-	-	24.9	181.8	206.7	
Financial liabilities							
Short-term loans from financial							
institutions	915.3	-	-	-	-	915.3	2.24 - 2.75
Trade and other payables	-	-	-	-	124.9	124.9	-
Lease liabilities	7.2	23.2	3.1	-	-	33.5	0.27 - 5.71
Long-term loans from financial							
institution	-	-	-	460.3	-	460.3	3M THBFIX + 1.95
	922.5	23.2	3.1	460.3	124.9	1,534.0	

(Unit: Million Baht)

As at 31 December 2019

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	Over 1-5 years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	-	-	25.3	0.1	25.4	0.10 - 0.35
Current investments - open-end fund	-	-	-	1.1	1.1	-
Trade and other receivables	0.5	-	-	199.8	200.3	6.87
	<u>0.5</u>	<u>-</u>	<u>25.3</u>	<u>201.0</u>	<u>226.8</u>	
Financial liabilities						
Short-term loans from financial institutions	1,391.3	-	-	-	1,391.3	2.53 - 2.95
Trade and other payables	-	-	-	161.0	161.0	-
Liabilities under finance lease agreements	3.0	9.0	-	-	12.0	0.27 - 2.46
Long-term loans from financial institution	-	-	604.1	-	604.1	3M THBFIX + 1.95
	<u>1,394.3</u>	<u>9.0</u>	<u>604.1</u>	<u>161.0</u>	<u>2,168.4</u>	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax and equity to a reasonably possible change in interest rates on that portion of floating rate borrowings from affected as at 31 December 2020.

	Increase/ decrease (% p.a.)	Effect on profit before tax (Thousand Baht)	Effect on equity (Thousand Baht)
Loans from in Baht	+0.5	(2,301)	(1,841)
	-0.5	2,301	1,841

Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank overdrafts, loans from financial institutions and lease contracts. The Company has liquidity risk management policy, which must be approved by the management or the Board of Directors, to ensure that the Company maintains sufficient future cash flows for its business activities. By using cash flow projections, these reports will be used to monitor and control liquidity risks. The Company also determined the liquidity ratio at appropriate level. In addition, there is supervision and monitoring of the net cash flow in each interval to ensure that the Company can manage liquidity risk effectively.

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

	(Unit: Thousand Baht)			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Short-term loans from financial institutions	915,330	-	-	915,330
Trade and other payables	124,856	-	-	124,856
Lease liabilities	7,816	24,082	3,098	34,996
Long-term loans from financial institutions	144,000	316,807	-	460,807
Total non-derivatives	<u>1,192,002</u>	<u>340,889</u>	<u>3,098</u>	<u>1,535,989</u>

32.2 Fair values of financial instruments

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

33. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio was 0.87:1 (2019: 1.1:1).

34. Approval of financial statements

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