# OCEAN GLASS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

# DECEMBER 31, 2020

**1. GENERAL INFORMATION**

Ocean Glass Public Company Limited (the “Company”) is a public limited company which is listed on the Stock Exchange of Thailand in 1993 and incorporated and domiciled in Thailand. The principal activities of the Company are manufacturing and selling table glassware. The addresses of the Company’s selling and administrative office and factory are as follows:

Office : 75/3 and 75/88-91 Ocean Tower II, 12th and 34th floor, Sukhumvit 19 Road

(Soi Wattana), North Klongtoey, Wattana, Bangkok 10110

Factory : 365-365/1, Moo 4, Bangpoo Industrial Estate, Soi 8, Sukhumvit Road, Praksa, Muangsamutprakarn, Samutprakarn 10280

Showroom : 175 Ocean Insurance Building, Sukhumvit 21 Road, North Klongtoey, Wattana, Bangkok 10110

For reporting purpose, the Group are referred to as “the Group”. The Company has 3 subsidiaries as follows:

Ocean Glass Trading (Shanghai) Co., Ltd., the Company’s wholly owned subsidiary, was registered and incorporated in China on September 10, 2006. The term of the subsidiary is 20 years, expiring on September 10, 2026. The subsidiary’s main objective is import and merchandising household glassware in China.

Ocean Glass Trading India Private Limited, 99.99% owned by the Company, was incorporated in India on November 20, 2013. The subsidiary’s main objective is to perform marketing activities in India.

Crystal Clear Innovation Co., Ltd., 99.99% owned by the Company, was incorporated in Thailand on August 31, 2016. The subsidiary’s main objective is for providing research, development, and merchandising tableware products.

**2. PANDEMIC OF CORONAVIRUS DISEASE 2019 SITUATION (COVID-19)**

 Since the pandemic of coronavirus disease 2019 (COVID-19) that is currently affected the overall economic and industries, such situation affects the operating results of the Group. However, the Group's management is continuously monitoring the situation and assessing the financial impact in respect of the recognition and valuation of assets, and contingent liabilities.

On July 13, 2020, the Company sent a letter to inform the Stock Exchange of Thailand that it has temporarily shutdown the production line since April 2020 until the first quarter of 2021 to schedule the planned maintenance and inventory management. The temporary shutdown expenses are presented as part of temporary shutdown expenses in the statement of comprehensive income.

**3. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

**3.1 Basis for preparation of the financial statements**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except revaluation of land and derivative financial instruments which has been stated at fair value as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.18

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

**3.2 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 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. Except, the new standard involves changes to key principles, as summarized below.

**Financial reporting standards related to financial instruments:**

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

|  |  |
| --- | --- |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |
| TAS 32 | Financial Instruments: Presentation |
| 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 amortized 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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

**TFRS 16 Leases**

TFRS 16 Leases 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 recognize 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 using similar principles to those used under TAS 17.

January 1, 2020, the Group has adopted TFRSs related to financial instruments and TFRS 16 in its financial statements by applying modified retrospective approach.

The impact from the first-time adoption has been disclosed in Note 5 to the financial statements.

**Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

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

The Group has elected to apply the following temporary relief measures on accounting alternatives:

* Not to take into account forward-looking information when determining expected credit losses, in cases where use a simplified approach to determine expected credit losses.
* Not to include information relating to the COVID-19 situation that may affect financial forecasts. In the future, used in conjunction with relevant fair value measurement techniques TFRS 13, Fair Value.
* Not to account for any reduction in lease payments by lessors as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.
* Not to include information relating to the uncertain COVID-19 situation, which may affect the estimation of future taxable profits. Into data to estimate the adequacy of future taxable profits in order to take advantage of deferred tax assets.
* Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
* Not to consider the COVID-19 situation as an event that results in the current obligation. As a result of past events.

**3.3 Financial reporting standards that become effective in the future**

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:

**Adjustment is reference to the conceptual framework in the financial reporting standards** Several financial reporting standards are reference to “IASC’s Framework for the Preparation and Presentation of Financial Statements.” The adjustment of referenceproject on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to “the conceptual framework” of which year.

**Conceptual Framework for Financial Reporting**

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria

2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.

3. Reporting entities

4. When the assets and liabilities derecognition from the financial statements

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

**Definition of Business**

      Business definition revised in the financial reporting standard No. 3 “Business Combination” describes more clearly on definition of business. The objective is for the business to establish that such transaction has to be recorded as “business combination” or “purchase of assets” or not. Adjustments are as follows:

* + 1. Describe clearly on the consideration of “business”, activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
    2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.
    3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
    4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
    5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

**Definition of significance**

            The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements, Presentation of Financial Statements and Accounting Standards No.8 – Accounting Policy, Change of Accounting Estimates and Error and the revision that resulted in other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

**Reform of swap interest rate**

         The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

The Group’s management is in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**3.4 Thai Financial Reporting Standard No.16 “Leases”**

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with

earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

1. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The Group’s management is in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**4. SIGNIFICANT ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THESE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS ARE SET OUT BELOW**

**4.1 Revenue and expenses recognition**

**Sale of goods**

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

For sale with a right to return the goods, the Group recognizes the refund amount expected to be returned to customers, by considering the consistent level of returns over historical experiences which is highly probable that a significant reversal in the cumulative revenue recognized will not occur, as a refund liability and recognized a return of goods from customers as an asset in the statement of financial position. The asset is measured by the previous carrying amount of the inventory, deducting expected costs of returned goods, including any potential of the diminution in value of the returned goods.

**Other income and expenses**

Interest income is recognised using the accrual method.

Other income and expenses is recognized using the accrual method.

**4.2 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**4.3 Trade receivables**

Applicable form January 1, 2020

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade receivables are stated at the amount expected to be collectible, the Group apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognized in profit or loss within administrative expenses.

Applicable prior to January 1, 2020

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and marketing costs.

**4.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**4.5 Group Accounting - Investments in subsidiaries**

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.   
The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over   
the entity. Subsidiaries are fully consolidated from the date on which control is transferred to   
the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provide evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive disposed income in respect. Of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**4.6 Foreign currency translation**

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Thai Baht, which is the Company’s functional and the Group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

• Income and expenses for each statement of comprehensive income are translated at average exchange rates; and

• All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**4.7 Property, plant and equipment**

Land is shown at fair value, based on valuations by external independent valuer which are conducted every 3 years. All other plants and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as gains on land revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gains on land revaluation directly in equity; all other decreases are charged to profit or loss.

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

|  |  |  |
| --- | --- | --- |
| Buildings and building improvements |  | 5 - 35 years |
| Machinery, equipment and tools |  | 5 - 25 years |
| Furniture, fixtures and office equipment |  | 3 - 25 years |
| Motor vehicles |  | 5 years |

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

The asset’s carrying amount is written-down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 4.13).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (losses)/gains - net’ in profit or loss.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

**4.8 Intangible assets**

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

* it is technically feasible to complete the software product so that it will be available for use or sell;
* management intends to complete the software product and use or sell it;
* there is an ability to use or sell the software product;
* it can be demonstrated how the software product will generate probable future economic benefits;
* adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
* the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, 5 - 15 years.

**4.9 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**4.10 Financial assets and financial liabilities**

Applicable form January 1, 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.

The Group classify its debt instruments in the following categories:

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

The Group reclassify debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

At initial recognition, the Group measure a financial asset 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. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classify its debt instruments:

* Amortized cost: A financial assets will be measured at amortized cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.
* FVOCI: A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, 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. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognized on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
* FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognized in profit or loss when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Classification and measurement of financial liabilities and equity**

Financial instruments issued by the Group must be classified as financial liabilities or equity securities by considering contractual obligations.

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

At initial recognition, the Group measure financial liabilities at fair value. The Group reclassify all financial liabilities as subsequently measured at amortised cost, except for derivatives.

**Recognition and derecognition**

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Group become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group have transferred substantially all the risks and rewards of ownership of the financial assets.

**Impairment**

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not measured at fair value through profit or loss (FVPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted by the approximate effective interest rate of the financial assets as at the acquisition date. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**4.11 Derivatives and hedging activities**

Applicable form January 1, 2020

The Group is initially recognized the derivatives at fair value as at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The gain or loss from remeasurement is made as fair value through profit or loss. However, if the derivatives meet the conditions holding as a hedge, the recording of the revaluation gain or loss will depend on the type of hedging item.

**4.12 Leases**

At inception of a contract, the Group assess 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.

Applicable form January 1, 2020

**where a Group company is the lessee**

The Group assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

**Right-of-use assets-as a lessee**

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

**Lease liabilities**

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, 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**

The Group apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

Applicable prior to January 1, 2020

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

Leases of 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.

In cases where assets are sold and then leased back, whereby the transaction is a kind of finance lease, any excess of sales proceeds over the carrying amount of the assets is recorded as deferred revenue and amortised over the lease term.

**4.13 Impairment of assets (non financial asset)**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**4.14 Loans**

Loans are recognised initially at the fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective yield method.

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

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**4.15 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to be applied when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**4.16 Employee benefits**

**Retirement benefits**

The Company operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

**Other long-term employee benefits**

The Company provides long-service award to employee who works for 30 years. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The benefit is charged to expense in the statement of comprehensive income in the period to which it relates.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognize costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**4.17 Provisions**

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**4.18 Critical accounting estimates and judgements**

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

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement in the valuating of expected credit loss incurred that based upon past collection history and credit loss data, adjust to reflect current data and forecast values on macroeconomic factors.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Depreciation of property, plant and equipment/rights of use assets/amortization of intangible assets

In determining depreciation of plant and equipment including rights of use assets and amortization of intangible assets, the management is required to make estimates of the useful lives and residual values when stop using (if any) and has to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment/rights of use assets/amortization of intangible assets for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to such assets.

Determining the lease term of contracts with renewal and termination options

The Group determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Fair valuation of financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group use judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in Note 28.7

Deferred tax assets

Deferred tax assets are recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Employee benefits

The present value of the employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefits.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefits liability.

**5. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

As described in Note 3.2 to the financial statements, during the current period, the Group has impacts from adoption of TFRSs related to financial instruments and TFRS 16. The cumulative effect of the changes in accounting policies due to the adoption of above financial reporting standards, are summarized below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated | | | | | | |
|  | As at December  31, 2019 |  | TFRSs related  to financial instruments |  | TFRS 16 |  | As at January  1, 2020 |
| **Statement of financial position** |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |
| Trade and other receivables | 272,795 |  | (4,859) |  | - |  | 267,936 |
| Derivative assets | - |  | 4,859 |  | - |  | 4,859 |
| Non-current assets |  |  |  |  |  |  |  |
| Right-of-use assets | - |  | - |  | 46,102 |  | 46,102 |
| Other non-current assets | 8,116 |  | - |  | (4,036) |  | 4,080 |
| Current liabilities |  |  |  |  |  |  |  |
| Current portion of lease liabilities | - |  | - |  | 15,498 |  | 15,498 |
| Non-current liabilities |  |  |  |  |  |  |  |
| Lease liabilities | - |  | - |  | 26,568 |  | 26,568 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | | |
|  | The Company Only | | | | | | | |
|  | As at December 31, 2019 | |  | TFRSs related  to financial instruments |  | TFRS 16 |  | As at January  1, 2020 |
| **Statement of financial position** |  | |  |  |  |  |  |  |
| Current assets |  | |  |  |  |  |  |  |
| Trade and other receivables | 273,495 | |  | (4,859) |  | - |  | 268,636 |
| Derivative assets | - | |  | 4,859 |  | - |  | 4,859 |
| Non-current assets |  | |  |  |  |  |  |  |
| Right-of-use assets | - | |  | - |  | 46,102 |  | 46,102 |
| Other non-current assets | 6,833 | |  | - |  | (4,036) |  | 2,797 |
| Current liabilities |  | |  |  |  |  |  |  |
| Current portion of lease liabilities | | - |  | - |  | 15,498 |  | 15,498 |
| Non-current liabilities | |  |  |  |  |  |  |  |
| Lease liabilities | - | |  | - |  | 26,568 |  | 26,568 |

**5.1 Financial instruments**

On January 1, 2020 (the date of initial application), the Group’s management has assessed which business models applied to the financial assets and liabilities held by the Group and has classified and measured the financial assets and liabilities at the amortized cost except derivative assets and liabilities to be measured at fair value as below.

(Unit : Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated /  The Company Only |
| As at January 1, 2020 |  |  |
| Current assets |  |  |
| Derivative assets |  | 4,859 |
|  |  |  |

**5.2 Leases**

From the initial adoption of TFRS 16 application, the Group recognised the liabilities that was previously classified as operating leases were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rates. The Group incremental borrowing rates applied to the lease liabilities as at January 1, 2020 was 3.46% per annum.

For leases previously classified as finance leases applying TAS 17, the Group reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| Operating lease commitments disclosed as at December 31, 2019 | 84,854 |  | 83,956 |
| Less: Short-term leases recognised on a straight-line basis  as expenses | (19,609) |  | (19,016) |
| Less: Low value leases recognised on a straight-line basis  as expenses | (6,656) |  | (6,351) |
| Add: Purchase or extension options reasonably certain  to be exercised | 3,735 |  | 3,735 |
| Less: Termination options reasonably certain to be exercised | (1,839) |  | (1,839) |
| Less: Lease agreements not yet due to commence agreement | (16,347) |  | (16,347) |
|  | 44,138 |  | 44,138 |
| Less: Deferred interest expenses | (2,072) |  | (2,072) |
| Additional lease liabilities from TFRS 16 adoption | 42,066 |  | 42,066 |
| Finance lease liabilities as at December 31, 2019 | - |  | - |
| Lease liabilities recognised as at January 1, 2020 | 42,066 |  | 42,066 |
|  |  |  |  |
| Lease liabilities as of January 1, 2020, consist of : |  |  |  |
| Current lease liabilities | 15,498 |  | 15,498 |
| Non-current lease liabilities | 26,568 |  | 26,568 |
|  | 42,066 |  | 42,066 |

The recognised right-of-use assets relate to the following types of assets:

(Unit : Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated /  The Company Only |
| As at January 1, 2020 |  |  |
| Land and land improvements |  | 40,150 |
| Vehicles |  | 5,952 |
| Total right-of-use assets |  | 46,102 |

**6. RELATED PARTY TRANSACTIONS**

During the year, the Group has relationship, pricing policy and significant business transactions with related parties which are summarised as follow:

Ocean Holding Co., Ltd. is the major shareholder of the Company as at December 31, 2020 and 2019, holding 32.82%. The remaining 67.18% is held by individual.

Related parties:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Party |  | Business |  | Relationship |
| Ocean Glass Trading (Shanghai) Co., Ltd. |  | Import and merchandising |  | Subsidiary |
|  |  | household glassware in China |  |  |
|  |  |  |  |  |
| Ocean Glass Trading India |  | Marketing activities in India |  | Subsidiary |
| Private Limited |  |  |  |  |
|  |  |  |  |  |
| Crystal Clear Innovation Co., Ltd. |  | Research, development,  and merchandising tableware  products |  | Subsidiary |
|  |  |  |  |  |
| Ocean Life Insurance Co., Ltd. |  | Life insurance |  | The Company’s shareholder |
|  |  |  |  | and co-shareholders and |
|  |  |  |  | co-director |
|  |  |  |  |  |
| Ocean Property Co., Ltd. |  | Real estate |  | Co-shareholders |
|  |  |  |  |  |
| Siam Mail Order House Co., Ltd. |  | Sales of office equipment and supplies |  | Co-shareholders |
|  |  |  |  |  |
| Ocean Group (Thailand) Co., Ltd. |  | Legal services |  | Co-shareholders and co-director |
|  |  |  |  |  |
| Key management personnel |  |  |  | Persons with the authority and of direct or indirect |
|  |  |  |  | responsibility for planning, |
|  |  |  |  | directing and controlling |
|  |  |  |  | the activities of the entity, |
|  |  |  |  | including, any Group director |
|  |  |  |  | (executive or otherwise) |

Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

Pricing policies by transactions:

|  |  |  |
| --- | --- | --- |
| Transaction |  | Pricing policy |
| Sales |  | Mutually agreed price |
| Purchase of office equipment and supplies |  | Market price |
| Website development and maintenance fee |  | Negotiated agreement |
| Commissions |  | Negotiated agreement |
| Rental expenses and service fees |  | Negotiated agreement |
| Loans |  | Negotiated agreement |
| Dividend |  | As declared approved paid |

The following material transactions were carried out with related parties during the years ended December 31, 2020 and 2019.

**6.1 Sales of goods**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Sales of goods: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 2,955 |  | 98,807 |
| Related companies | 136 |  | 203 |  | 136 |  | 203 |
|  | 136 |  | 203 |  | 3,091 |  | 99,010 |

**6.2 Other income**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | | The Company Only | | | |
|  | 2020 |  | 2019 | |  | | 2020 |  | 2019 |
| Dividend income: |  |  |  | |  | |  |  |  |
| Subsidiaries | - |  | - | |  | | 9,655 |  | - |
| Interest income: |  |  |  | |  | |  |  |  |
| Subsidiaries | - |  | - | |  | | 129 |  | 207 |

**6.3 Purchase of goods and expenses**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Purchase of office equipment and supplies: |  |  |  |  |  |  |  |
| Related companies | 111 |  | 100 |  | 111 |  | 100 |
| Website development fee: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 5,600 |  | 1,400 |
| Website maintenance fee: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 750 |  | - |
| Commission: |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 10,342 |  | 12,015 |
| Legal service fee: |  |  |  |  |  |  |  |
| Related companies | 59 |  | 61 |  | 59 |  | 61 |
| Rental expenses and service fee: |  |  |  |  |  |  |  |
| Related companies | 16,199 |  | 15,970 |  | 16,199 |  | 15,970 |
| Less effects of the adoption of TFRS 16 | (14,682) |  | - |  | (14,682) |  | - |
| Rental expenses and service fee  presented in the statement of  comprehensive income | 1,517 |  | 15,970 |  | 1,517 |  | 15,970 |

Trading transactions with related parties are carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at mutually agreed price Services pricing among related parties is based on contracts.

**6.4 Outstanding balances with related parties as at December 31, 2020 and 2019**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Trade receivables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | - |  | 874 |
| Related companies | 15 |  | 29 |  | 15 |  | 29 |
|  | 15 |  | 29 |  | 15 |  | 903 |
| Other receivables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 3 |  | 3 |
|  | - |  | - |  | 3 |  | 3 |
| Other payables |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 3,523 |  | 2,263 |
| Related companies | 677 |  | 685 |  | 677 |  | 685 |
|  | 677 |  | 685 |  | 4,200 |  | 2,948 |
| Lease liabilities |  |  |  |  |  |  |  |
| Related companies | 22,556 |  | - |  | 22,556 |  | - |
|  | 22,556 |  | - |  | 22,556 |  | - |

**6.5 Key management compensation**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated / The Company Only | | |
|  | 2020 |  | 2019 |
| Short-term benefits | 32,735 |  | 33,076 |
| Post-employment benefits | 2,372 |  | 2,161 |
| Other long-term benefits | 2 |  | 2 |
| Total | 35,109 |  | 35,239 |

**6.6 Loan to subsidiaries**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Loan to subsidiaries, at the beginning of the year | - |  | - |  | 10,000 |  | 6,500 |
| Increase Loan | - |  | - |  | - |  | 3,500 |
| Repayments | - |  | - |  | (6,500) |  | - |
| Loan to subsidiaries, at the end of the year | - |  | - |  | 3,500 |  | 10,000 |

Crystal Clear Innovation Co., Ltd. entered into an agreement with the Company for short-term borrowing facility dominated in Baht of 10 million, interest rate is at market rate plus 0.10% per annum. The repayment is as stated in each promissory note.

**7. Cash and cash equivalents**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Cash on hand | 269 |  | 180 |  | 191 |  | 98 |
| Deposits at banks - current | 5,260 |  | 4,557 |  | 3,439 |  | 1,523 |
| Deposits at banks - savings | 97,147 |  | 46,556 |  | 84,839 |  | 12,070 |
| Total | 102,676 |  | 51,293 |  | 88,469 |  | 13,691 |

Savings accounting carries interest rate at the floating rates which are set by the bank.

**8. TRADE AND OTHER RECEIVABLES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Trade receivables : |  |  |  |  |  |  |  |
| - other parties | 135,571 |  | 212,283 |  | 135,571 |  | 212,278 |
| - related parties (Note 6.4) | 15 |  | 29 |  | 15 |  | 903 |
| Less Allowance for doubtful accounts | (692) |  | (716) |  | (692) |  | (716) |
|  | 134,894 |  | 211,596 |  | 134,894 |  | 212,465 |
| Advance payment | 12,483 |  | 44,997 |  | 12,438 |  | 44,938 |
| Prepayment | 7,997 |  | 11,156 |  | 8,138 |  | 11,054 |
| Other receivables : |  |  |  |  |  |  |  |
| - other parties | 682 |  | 294 |  | 682 |  | 283 |
| - related parties (Note 6.4) | - |  | - |  | 3 |  | 3 |
| Less Allowance for doubtful accounts | (107) |  | (107) |  | (107) |  | (107) |
|  | 21,055 |  | 56,340 |  | 21,154 |  | 56,171 |
|  | 155,949 |  | 267,936 |  | 156,048 |  | 268,636 |

Trade receivables as at December 31, 2020 and 2019 were analysed as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Up to 3 months | 132,110 |  | 211,592 |  | 132,110 |  | 212,461 |
| Over 3 - 6 months | 2,709 |  | 4 |  | 2,709 |  | 4 |
| Over 6 - 12 months | 767 |  | - |  | 767 |  | - |
| Over 12 months | - |  | 716 |  | - |  | 716 |
| Total | 135,586 |  | 212,312 |  | 135,586 |  | 213,181 |
| Less Allowance for doubtful accounts | (692) |  | (716) |  | (692) |  | (716) |
| Trade receivables - net | 134,894 |  | 211,596 |  | 134,894 |  | 212,465 |

Outstanding receivables from related parties as at December 31, 2020 and 2019 were analysed as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Up to 3 months | 15 |  | 29 |  | 15 |  | 903 |
| Over 3 - 6 months | - |  | - |  | - |  | - |
| Over 6 - 12 months | - |  | - |  | - |  | - |
| Over 12 months | - |  | - |  | - |  | - |
| Total | 15 |  | 29 |  | 15 |  | 903 |

**9. INVENTORIES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Finished goods | 482,442 |  | 559,720 |  | 482,388 |  | 559,546 |
| Merchandise | 44,630 |  | 42,335 |  | 44,630 |  | 42,293 |
| Work in progress | 4,644 |  | 11,418 |  | 4,644 |  | 11,418 |
| Raw materials | 99,411 |  | 86,175 |  | 99,411 |  | 86,175 |
| Spare parts | 152,595 |  | 139,782 |  | 152,595 |  | 139,782 |
| Supplies and packing materials | 189,453 |  | 184,932 |  | 189,453 |  | 184,932 |
| Goods in transit | - |  | 3,814 |  | - |  | 3,814 |
| Goods expected to be returned by  customers | 2,646 |  | - |  | 2,646 |  | - |
|  | 975,821 |  | 1,028,176 |  | 975,767 |  | 1,027,960 |
| Less Allowance for the decline  in value of inventory, slow - moving and obsolete inventories | (64,401) |  | (24,428) |  | (64,401) |  | (24,428) |
| Inventories-net | 911,420 |  | 1,003,748 |  | 911,366 |  | 1,003,532 |

Allowance for the decline in value of inventory, slow-moving and obsolete inventories are changed during the year as follows :

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated /The Company Only | | |
|  | 2020 |  | 2019 |
| Beginning balance of year | 24,428 |  | 28,165 |
| Increase | 47,102 |  | 8,547 |
| Decrease | (7,129) |  | (12,284) |
| Ending balance of year | 64,401 |  | 24,428 |

**10. INVESTMENTS IN SUBSIDIARIES**

The subsidiaries are:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | % Ownership | | |
|  | Country of |  | 2020 |  | 2019 |
|  | incorporation |  |  |  |  |
| Ocean Glass Trading (Shanghai) Company Limited | China |  | 100.00% |  | 100.00% |
| Ocean Glass Trading India Private Limited | India |  | 99.99% |  | 99.99% |
| Crystal Clear Innovation Co., Ltd. | Thailand |  | 99.99% |  | 99.99% |

Movements of investments in subsidiaries:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | The Company Only | | |
|  | 2020 |  | 2019 |
| Beginning balance | 6,000 |  | 6,000 |
| Addition of investment during the year | - |  | - |
| Ending balance | 6,000 |  | 6,000 |

**11. PROPERTY, PLANT AND EQUIPMENT**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2020 |  |  |  |  |  |  |  |  |  | 31, 2020 |
| At appraised value |  |  |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | 258,570 |  | - |  | - |  | - |  | 916,080 |
| Total land - at appraised value | 679,430 |  | 258,570 |  | - |  | - |  | - |  | 938,000 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,967 |  | - |  | - |  | 1,430 |  | - |  | 628,397 |
| Machinery and equipment | 3,536,531 |  | 7,624 |  | (47,384) |  | 69,581 |  | (2) |  | 3,566,350 |
| Furniture, fixtures and office equipment | 110,321 |  | 1,709 |  | (4,848) |  | 2,394 |  | 64 |  | 109,640 |
| Vehicles | 7,838 |  | 3,956 |  | (3,370) |  | - |  | - |  | 8,424 |
| Machinery under installation and construction in progress | 25,652 |  | 222,907 |  | - |  | (73,405) |  | - |  | 175,154 |
| Total buildings and equipment - at cost | 4,307,309 |  | 236,196 |  | (55,602) |  | - |  | 62 |  | 4,487,965 |
| Total | 4,986,739 |  |  |  |  |  |  |  |  |  | 5,425,965 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (426,392) |  | (16,035) |  | - |  | - |  | - |  | (442,427) |
| Machinery and equipment | (2,597,007) |  | (127,087) |  | 40,412 |  | - |  | - |  | (2,683,682) |
| Furniture, fixtures and office equipment | (99,204) |  | (6,096) |  | 4,836 |  | - |  | (57) |  | (100,521) |
| Vehicles | (4,788) |  | (1,503) |  | 3,370 |  | - |  | - |  | (2,921) |
| Total | (3,127,391) |  | (150,721) |  | 48,618 |  | - |  | (57) |  | (3,229,551) |
| Property, plant and equipment - net | 1,859,348 |  |  |  |  |  |  |  |  |  | 2,196,414 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  |  |  | 31, 2019 |
| At appraised value |  |  |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,867 |  | - |  | (4,364) |  | 4,464 |  | - |  | 626,967 |
| Machinery and equipment | 3,385,508 |  | 6,861 |  | (79,723) |  | 223,891 |  | (6) |  | 3,536,531 |
| Furniture, fixtures and office equipment | 107,041 |  | 4,581 |  | (3,988) |  | 2,781 |  | (94) |  | 110,321 |
| Vehicles | 8,033 |  | 1,869 |  | (2,064) |  | - |  | - |  | 7,838 |
| Machinery under installation and construction in progress | 137,733 |  | 119,055 |  | - |  | (231,136) |  | - |  | 25,652 |
| Total buildings and equipment - at cost | 4,265,182 |  | 132,366 |  | (90,139) |  | - |  | (100) |  | 4,307,309 |
| Total | 4,944,612 |  |  |  |  |  |  |  |  |  | 4,986,739 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (414,931) |  | (15,690) |  | 4,229 |  | - |  | - |  | (426,392) |
| Machinery and equipment | (2,530,178) |  | (134,126) |  | 67,292 |  | - |  | 5 |  | (2,597,007) |
| Furniture, fixtures and office equipment | (97,019) |  | (6,217 ) |  | 3,960 |  | - |  | 72 |  | (99,204) |
| Vehicles | (6,140) |  | (712) |  | 2,064 |  | - |  | - |  | (4,788) |
| Total | (3,048,268) |  | (156,745) |  | 77,545 |  | - |  | 77 |  | (3,127,391) |
| Property, plant and equipment - net | 1,896,344 |  |  |  |  |  |  |  |  |  | 1,859,348 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2020 |  |  |  |  |  |  |  | 31, 2020 |
| At appraised value |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | 258,570 |  | - |  | - |  | 916,080 |
| Total land - at appraised value | 679,430 |  | 258,570 |  | - |  | - |  | 938,000 |
| At cost |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,967 |  | - |  | - |  | 1,430 |  | 628,397 |
| Machinery and equipment | 3,536,526 |  | 7,624 |  | (47,384) |  | 69,581 |  | 3,566,347 |
| Furniture, fixtures and office equipment | 109,365 |  | 1,709 |  | (4,611) |  | 2,394 |  | 108,857 |
| Vehicles | 7,838 |  | 3,956 |  | (3,370) |  | - |  | 8,424 |
| Machinery under installation and construction in progress | 25,652 |  | 222,907 |  | - |  | (73,405) |  | 175,154 |
| Total buildings and equipment - at cost | 4,306,348 |  | 236,196 |  | (55,365) |  | - |  | 4,487,179 |
| Total | 4,985,778 |  |  |  |  |  |  |  | 5,425,179 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (426,392) |  | (16,035) |  | - |  | - |  | (442,427) |
| Machinery and equipment | (2,597,007) |  | (127,085) |  | 40,412 |  | - |  | (2,683,680) |
| Furniture, fixtures and office equipment | (98,375) |  | (5,985) |  | 4,601 |  | - |  | (99,759) |
| Vehicles | (4,789) |  | (1,503) |  | 3,370 |  | - |  | (2,922) |
| Total | (3,126,563) |  | (150,608) |  | 48,383 |  | - |  | (3,228,788) |
| Property, plant and equipment - net | 1,859,215 |  |  |  |  |  |  |  | 2,196,391 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  | 31, 2019 |
| At appraised value |  |  |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |  |  |
| - Cost | 21,920 |  | - |  | - |  | - |  | 21,920 |
| - Surplus on land revaluation | 657,510 |  | - |  | - |  | - |  | 657,510 |
| Total land - at appraised value | 679,430 |  | - |  | - |  | - |  | 679,430 |
| At cost |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | 626,867 |  | - |  | (4,364) |  | 4,464 |  | 626,967 |
| Machinery and equipment | 3,385,508 |  | 6,860 |  | (79,723) |  | 223,881 |  | 3,536,526 |
| Furniture, fixtures and office equipment | 105,853 |  | 4,581 |  | (3,860) |  | 2,791 |  | 109,365 |
| Vehicles | 8,033 |  | 1,869 |  | (2,064) |  | - |  | 7,838 |
| Machinery under installation and construction in progress | 137,733 |  | 119,055 |  | - |  | (231,136) |  | 25,652 |
| Total buildings and equipment - at cost | 4,263,994 |  | 132,365 |  | (90,011) |  | - |  | 4,306,348 |
| Total | 4,943,424 |  |  |  |  |  |  |  | 4,985,778 |
| Less Accumulated depreciation |  |  |  |  |  |  |  |  |  |
| Buildings and improvements | (414,931) |  | (15,690) |  | 4,229 |  | - |  | (426,392) |
| Machinery and equipment | (2,530,179) |  | (134,120) |  | 67,292 |  | - |  | (2,597,007) |
| Furniture, fixtures and office equipment | (96,189) |  | (6,020) |  | 3,834 |  | - |  | (98,375) |
| Vehicles | (6,140) |  | (713) |  | 2,064 |  | - |  | (4,789) |
| Total | (3,047,439) |  | (156,543) |  | 77,419 |  | - |  | (3,126,563) |
| Property, plant and equipment - net | 1,895,985 |  |  |  |  |  |  |  | 1,859,215 |

The gross carrying amount of fully depreciated plant and equipment that were still in use as at December 31, 2020 amounted to Baht 1,993.86 million (December 31, 2019 : Baht 1,929.25 million)

On February 11, 2020, the Company has appraised the land determined by independent appraiser (American Appraisal (Thailand) Ltd.). The Company recorded the land at fair value in the amount of Baht 938 million comprising the historical cost of Baht 22 million and the gain on land revaluation of Baht 916 million. This valuation technique is market comparative method which sales prices of comparable land are in close proximity and adjusted for difference in key attributes such as property size, location and shape of land which fair value hierarchy in level 2 as described in Note 28.7.

In 2020 and 2019, the Company recorded interest as part of the cost assets of Baht 1.32 million and Baht 0.26 million, respectively. Borrowing costs are the amount of the loan for general purposes by calculating from the capitalization rate which is the weighted average of the total loans that were borrowed for general purposes at the rate of 3.09% per annum and 2.10% per annum, respectively.

**12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**Right-of-use assets**

The net book value of right-of-use assets related to lease contracts and the movement for the year ended December 31, 2020 are presented below.

(Unit : Thousand Baht)

|  |  | Consolidated / The Company Only | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Building |  | Vehicles |  | Total |
| **Cost** |  |  |  |  |  |  |
| As at December 31, 2019 |  | - |  | - |  | - |
| Effects of the adoption of TFRS 16 as at January 1, 2020 |  | 40,150 |  | 5,952 |  | 46,102 |
| As at January 1, 2020 |  | 40,150 |  | 5,952 |  | 46,102 |
| Addition |  | 145 |  | 11,606 |  | 11,751 |
| Written-off |  | (498) |  | - |  | (498) |
| As at December 31, 2020 |  | 39,797 |  | 17,558 |  | 57,355 |
| **Accumulated depreciation** |  |  |  |  |  |  |
| As at December 31, 2019 |  | - |  | - |  | - |
| Effects of the adoption of TFRS16 as at January 1, 2020 |  | - |  | - |  | - |
| As at January 1, 2020 |  | - |  | - |  | - |
| Depreciation for the year |  | (14,118) |  | (4,876) |  | (18,994) |
| Depreciation - written-off |  | 498 |  | - |  | 498 |
| As at December 31, 2020 |  | (13,620) |  | (4,876) |  | (18,496) |
| **Net book value** |  |  |  |  |  |  |
| As at December 31, 2019 |  | - |  | - |  | - |
| As at January 1, 2020 |  | 40,150 |  | 5,952 |  | 46,102 |
| As at December 31, 2020 |  | 26,177 |  | 12,682 |  | 38,859 |

**Lease liabilities**

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 are presented below.

(Unit : Thousand Baht)

|  |  | Consolidated /  The Company Only |
| --- | --- | --- |
| As at December 31, 2019 |  | - |
| Effects of the initial adoption of TFRS 16 (As at January 1, 2020) |  | 42,066 |
| Additions |  | 11,748 |
| Accretion of interest |  | 1,437 |
| Payments |  | (19,850) |
| Decrease from contract cancellation |  | - |
| As at December 31, 2020 |  | 35,401 |
| Less: Current portion |  | (19,344) |
| Lease liabilities - net of current portion |  | 16,057 |

The following are the amounts recognised in profit or loss for the year ended December 31, 2020 are presented below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated |  | The Company Only | |
| Depreciation of right-of-use assets | 18,994 |  | 18,994 | |
| Interest expense on lease liabilities | 1,437 |  | 1,437 | |
| Expense relating to short-term lease | 7,009 |  | 5,789 | |
| Expense relating to leases of low - value assets | 1,460 |  | 1,460 | |
| Total | 28,900 |  | 27,680 | |

**13. INTANGIBLE ASSETS**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2020 |  |  |  |  |  |  |  |  |  | 31, 2020 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Computer software | 64,026 |  | 1,955 |  | - |  | 738 |  | 55 |  | 66,774 |
| Computer software installation | 630 |  | 108 |  | - |  | (738) |  | - |  | - |
| Total | 64,656 |  | 2,063 |  | - |  | - |  | 55 |  | 66,774 |
| Less Accumulated amortization | (46,488) |  | (5,039) |  | - |  | - |  | (49) |  | (51,576) |
| Less Allowance for impairment loss | - |  | (4,200) |  | - |  | - |  | - |  | (4,200) |
| Computer software - net | 18,168 |  |  |  |  |  |  |  |  |  | 10,998 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Translation |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | difference |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  |  |  | 31, 2019 |
| At cost |  |  |  |  |  |  |  |  |  |  |  |
| Computer software | 74,027 |  | 2,404 |  | (13,326) |  | 995 |  | (74) |  | 64,026 |
| Computer software installation | 681 |  | 944 |  | - |  | (995) |  | - |  | 630 |
| Total | 74,708 |  | 3,348 |  | (13,326) |  | - |  | (74) |  | 64,656 |
| Less Accumulated amortization | (55,440) |  | (4,407) |  | 13,308 |  | - |  | 51 |  | (46,488) |
| Computer software - net | 19,268 |  |  |  |  |  |  |  |  |  | 18,168 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2020 |  |  |  |  |  |  |  | 31, 2020 |
| At cost |  |  |  |  |  |  |  |  |  |
| Computer software | 62,759 |  | 1,955 |  | - |  | 7,738 |  | 72,452 |
| Computer software installation | 2,030 |  | 5,708 |  | - |  | (7,738) |  | - |
| Total | 64,789 |  | 7,663 |  | - |  | - |  | 72,452 |
| Less Accumulated amortization | (45,711) |  | (5,597) |  | - |  | - |  | (51,308) |
| Less Allowance for impairment loss | - |  | (4,200) |  | - |  | - |  | (4,200) |
| Computer software - net | 19,078 |  |  |  |  |  |  |  | 16,944 |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | The Company Only | | | | | | | | |
|  | Balance per book |  | Additions |  | Deductions |  | Transferred in |  | Balance per book |
|  | as at January |  |  |  |  |  | (Transferred out) |  | as at December |
|  | 1, 2019 |  |  |  |  |  |  |  | 31, 2019 |
| At cost |  |  |  |  |  |  |  |  |  |
| Computer software | 73,178 |  | 2,404 |  | (13,326) |  | 503 |  | 62,759 |
| Computer software installation | 343 |  | 2,190 |  | - |  | (503) |  | 2,030 |
| Total | 73,521 |  | 4,594 |  | (13,326) |  | - |  | 64,789 |
| Less Accumulated amortization | (54,951) |  | (4,068) |  | 13,308 |  | - |  | (45,711) |
| Computer software - net | 18,570 |  |  |  |  |  |  |  | 19,078 |

**14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2020 |  | 2019 |
| Promissory note | 790,000 |  | 655,000 |
| Total | 790,000 |  | 655,000 |

As at December 31, 2020 and 2019, short-term loans from local financial institution denominated in Thai Baht, due within 6 months and bear interest rate of 1.35% to 3.85% per annum. (2019 : interest rate of 1.69% to 1.71% per annum)

The fair values approximate the carrying amounts because of their short-term maturities which fair value hierarchy in level 2 as described in Note 28.7.

**15. TRADE AND OTHER PAYABLES**

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | |  | The Company Only | | |
|  | 2020 | |  | 2019 |  | 2020 |  | 2019 |
| Trade payables – other parties | 78,908 | |  | 137,044 |  | 78,908 |  | 137,044 |
| Other payables – other parties | 39,194 | |  | 40,193 |  | 38,941 |  | 34,165 |
| * related parties (Note 6.4) | 677 | |  | 685 |  | 4,200 |  | 2,948 |
| Advances from customers | 16,934 | |  | 7,825 |  | 16,679 |  | 6,880 |
| Accrued energy expenses | 11,889 | |  | 8,347 |  | 11,889 |  | 8,347 |
| Accrued commission and rebate | 7,504 | |  | 13,249 |  | 7,557 |  | 13,249 |
| Accrued salary and bonus expenses | | 2,222 |  | 33,202 |  | 2,222 |  | 32,241 |
| Other accrued expenses | 36,219 | |  | 28,878 |  | 34,875 |  | 26,995 |
| Total | 193,547 | |  | 269,423 |  | 195,271 |  | 261,869 |

**16. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2020 |  | 2019 |
| Loans – from financial institutions, at the beginning of the year | 102,292 |  | 185,373 |
| Increase Loans | 200,000 |  | 100,000 |
| Repayments | (2,292) |  | (183,081) |
| Long term loans from financial institutions, at the end of the year | 300,000 |  | 102,292 |
| Less Current portion of long-term loans from financial institutions | - |  | 35,892 |
| Long term loans from financial institutions with due date more than one year | 300,000 |  | 66,400 |

Maturity of long-term loans:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2020 |  | 2019 |
| Due within 1 year | - |  | 35,892 |
| Due more than 1 year but not over 5 years | 300,000 |  | 66,400 |
|  | 300,000 |  | 102,292 |

Long-term loans from financial institutions

As at December 31, 2020, long-term loans from financial institutions consist of:

1) Loans facilities of Baht 300 million

On September 26, 2019, the Company entered into an agreement with a local bank for a long-term loan facility denominated in Thai Baht of Baht 300 million, which is repayable in five years from the first loan drawdown date which has to be settled by December 25, 2024. This loan has a grace period for principal repayment for the periods seven months from the first loan drawdown date and the Company is required to repay the principal in monthly installments. Interest is payable on a monthly basis and is calculated at the MLR rate minus a fixed percentage from the first year to fifth year. The Company must maintain a minimum debt-to-equity ratio as a condition of the long-term loan agreements.

On September 26, 2020, the Company had been approved to suspend loan repayment for a period of six month in order to provide financial assistance to clients that have been affected from the pandemic of coronavirus disease 2019 (COVID-19) which has an impact on Thai economy. During debt suspension period, the Company will pay the interest only by the same annual interest rate. Upon the end of the debt suspension period, the Company must pay all debt in accordance with the conditions in the original agreement in all respects which will be effective from July 25, 2020. Subsequently, on December 23, 2020, the Company had been approved to suspend loan repayment for a period of twelve month which will be effective from January 25, 2021

As at December 31, 2020, the total outstanding loan is Baht 300 million. (2019 : Baht 100 million)

2) Loans facilities of Baht 535 million

On November 26, 2012, the Company entered into an agreement with the same local bank as 1) for a long-term loan facility denominated in Thai Baht of Baht 535 million, which is repayable in five years, by December 6, 2017. The loan has a grace period for principal repayment for the first year to second years. The Company is required to repay the principal in monthly installment from the third year to the fifth year, and the remaining principal in the last installment. Interest is payable on a monthly basis and is calculated at a fixed rate in the first year and the second years and at the MLR rate minus a fixed percentage from the third year to the fifth year.

On November 12, 2014, the Company amended the loan agreement to adjust the monthly principal repayment amount and extend the repayment period to December 6, 2021.

In June 2017, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within October 2020.

In August 2018, the Company has entered into an amendment to the loan agreement by increasing the monthly principle repayment amount and adjust the repayment period to complete within September 2019.

The Company has fully paid of principle and interest on July 6, 2019 and has redeemed its land with buildings which have been pledged as collateral since August 1, 2019.

3) Loan facilities of Baht 23 million

On May 12, 2016, the Company entered into an agreement with another local bank for a long-term loan facility denominated in Thai Baht of Baht 23 million. The loan has a purpose for investment and operation in saving and renewable energy project. The Company is required to drawdown within December 31, 2016. The Company has to repaid the principal quarterly in 16 installments. The first installments is paid on the last business day of December 2016. Interest is payable on a monthly basis. The principal and interest shall be settled within the 54th month from the loan receiving month or not over 5 years from the agreement date, whichever period comes first. Interest is calculated at the MLR rate minus a fixed percentage. The Company has drawdown this loan in accordance with the condition amount of Baht 19 million.

The Company has fully paid of principle and interest on June 30, 2019.

4) Loan facilities of Baht 12 million

On May 12, 2016, the Company entered into an agreement with the same local bank as 3) for a long-term loan facility denominated in Thai Baht of Baht 12 million. The loan has a purpose for working capital in saving energy project according to condition of Department of Alternative Energy Development and Efficiency. The Company is required to drawdown within December 31, 2016 and repay in 5 years, by September 30, 2020. The Company is required to repay the principal in quarterly instalments. Interest is payable on a monthly basis and is calculated at a fixed rate until the maturity of the agreement. Then, the Company drawdown this loan as conditions in the amount Baht 12 million.

The Company has fully paid of principle and interest on September 30, 2020. (2019 : the total outstanding loan is Baht 2 million)

The interest rate exposure on the long-term loan comprises the following:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/ The Company Only | | |
|  | 2020 |  | 2019 |
| **Long-term loans** |  |  |  |
| at fixed rates | - |  | 2,292 |
| at floating rates | 300,000 |  | 100,000 |
|  | 300,000 |  | 102,292 |

The interest rates at the statement of financial position date were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | % (per annum) | | |
|  | Consolidated/ The Company Only | | |
|  | 2020 |  | 2019 |
| Long-term loans | 2.75 |  | 3.50 |

The long-term loans from financial institutions with floating interest rates, the fair values approximate the carrying amounts. Fair values of the long-term loans from financial institutions with fixed interest rates approximate the carrying amounts because the current interest rates of the similar terms loans as the Group’s approximate the interest rates per the agreement. Fair value hierarchy in level 2 as described in Note 28.7.

**17. DEFERRED INCOME TAXES**

Deferred tax assets and liabilities are offset when income taxes are related to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the liability method using principal tax 20% for the Company and 20% - 30.9% for the subsidiary.

Deferred tax assets (liabilities) in the statement of comprehensive income for the year ended December 31, 2020 are attributed to the following items:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Consolidated | | | | | | |
|  | | Balance per book |  | Revenue (expenses) during the year | | |  | Balance per book |
|  | | as at January  1, 2020 |  | In profit or loss |  | In other comprehensive income |  | as at December  31, 2020 |
| Deferred tax assets: | |  |  |  |  |  |  |  |
| Allowance for doubtful accounts | | - |  | 596 |  | - |  | 596 |
| Allowance for the decline in value of inventory, slow-moving and obsolete inventories | | 4,931 |  | 7,949 |  | - |  | 12,880 |
| Allowance for impairment loss on computer software | | - |  | 840 |  | - |  | 840 |
| Net refundable liabilities in goods expected to be returned by customers | | - |  | 580 |  | - |  | 580 |
|  | Employee benefit obligations | 25,919 |  | (3,968) |  | (2,739) |  | 19,212 |
|  | Tax losses | - |  | 48,826 |  | - |  | 48,826 |
|  | Lease liabilities | - |  | 116 |  | - |  | 116 |
|  | Accrued tax rebate from export sales | 807 |  | (794) |  | - |  | 13 |
| Total | | 31,657 |  | 54,145 |  | (2,739) |  | 83,063 |
| Offset taxes from the same taxation authority | | (30,850) |  |  |  |  |  | (83,050) |
| Net deferred tax assets | | 807 |  |  |  |  |  | 13 |
| Deferred tax liabilities: | |  |  |  |  |  |  |  |
|  | Book depreciation under taxable depreciation | (93,560) |  | 4,766 |  | - |  | (88,794) |
|  | Gains on land revaluation | (131,502) |  | - |  | (51,714) |  | (183,216) |
| Total | | (225,062) |  | 4,766 |  | (51,714) |  | (272,010) |
| Offset taxes from the same taxation authority | | 30,850 |  |  |  |  |  | 83,050 |
| Net deferred tax liabilities | | (194,212) |  |  |  |  |  | (188,960) |

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | The Company Only | | | | | | |
|  | | Balance per book |  | Revenue (expenses) during the year | | |  | Balance per book |
|  | | as at January  1, 2020 |  | In profit or loss |  | In other comprehensive income |  | as at December  31, 2020 |
| Deferred tax assets: | |  |  |  |  |  |  |  |
|  | Allowance for doubtful accounts | - |  | 596 |  | - |  | 596 |
|  | Allowance for the decline in value of inventory, |  |  |  |  |  |  |  |
|  | slow-moving and obsolete inventories | 4,931 |  | 7,979 |  | - |  | 12,880 |
|  | Allowance for impairment loss on computer software | - |  | 840 |  | - |  | 840 |
|  | Net refundable liabilities in goods expected to be returned by customers | - |  | 580 |  | - |  | 580 |
|  | Employee benefit obligations | 25,919 |  | (3,968) |  | (2,739) |  | 19,212 |
|  | Tax losses | - |  | 48,826 |  | - |  | 48,826 |
|  | Lease liabilities | - |  | 116 |  | - |  | 116 |
| Total | | 30,850 |  | 54,969 |  | (2,739) |  | 83,050 |
| Offset taxes from the same taxation authority | | (30,850) |  |  |  |  |  | (83,050) |
| Net deferred tax assets | | - |  |  |  |  |  | - |
| Deferred tax liabilities: | |  |  |  |  |  |  |  |
|  | Book depreciation under taxable depreciation | (93,560) |  | 4,766 |  | - |  | (88,794) |
|  | Gains on land revaluation | (131,502) |  | - |  | (51,714) |  | (183,216) |
| Total | | (225,062) |  | 4,766 |  | (51,714) |  | (272,010) |
| Offset taxes from the same tax unit | | 30,850 |  |  |  |  |  | 83,050 |
| Net deferred tax liabilities | | (194,212) |  |  |  |  |  | (188,960) |

Deferred tax assets and temporary differences are recognised if the realisation of the tax benefit is probable.

**18. EMPLOYEE BENEFIT OBLIGATIONS**

The Group and its subsidiaries have obligations for employee benefits as follows :

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 2020 |  | 2019 |
| Defined benefit obligations, at the beginning of the year | 129,594 |  | 98,052 |
|  | |  |  |  |
| **Include in profit or loss:** | |  |  |  |
| Current service cost | | 11,687 |  | 13,771 |
| Past service cost | | - |  | 22,868 |
| Interest on obligation | | 1,050 |  | 2,692 |
|  | | 12,737 |  | 39,331 |
| **Include in other comprehensive income** | |  |  |  |
| Actuarial (gain) loss | |  |  |  |
| * Demographic assumptions | | (3,802) |  | 1,199 |
| * Financial assumptions | | 3,170 |  | 9,994 |
| * Experience adjustment | | (13,065) |  | (6,988) |
|  | | (13,697) |  | 4,205 |
|  | |  |  |  |
| Benefit paid | | (32,575) |  | (11,994) |
|  | | (32,575) |  | (11,994) |
|  | |  |  |  |
| Defined benefit obligations, at the end of the year | | 96,059 |  | 129,594 |

The Labor Protection Act was enacted in the Government Gazette on April 5, 2019, with additional compensation rates for employers terminating employment. For employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than the final rate of 400 days. The Group therefore revised in the project for post-employment benefits plan in 2019 to comply with the revised Labor Protection Act. From the revised of such project, the Group recognizes an increase in employee benefits obligations in the amount of Baht 22.87 million.

**Principal actuarial assumptions at the reporting date**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Percentage | | |
|  | Consolidated/The Company Only | | |
|  | 2020 |  | 2019 |
| Discount rate | 1.20 |  | 2.37 |
| Salary increase rate | 4.00 |  | 5.00 |
| Employee turnover rate | 0.00 - 16.00  (classification of age) |  | 0.00 - 16.00  (classification of age) |
| Mortality rate | 100% of Thai  mortality table 2017 |  | 100% of Thai  mortality table 2017 |

**Sensitivity analysis**

The results of sensitivity analysis for significant assumptions that affect the present value of long-term employee benefit obligations as at December 31, 2020 are summarized below:

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 1% increase |  | 1% decrease |
| Discount rate | (7,202) |  | 8,201 |
| Salary increase rate | 6,840 |  | (6,149) |
| Employee turnover rate | (7,609) |  | 4,671 |
| Mortality rate | 351 |  | (349) |

During the year 2019, the long-term interest rate was significantly reduced which affected the discount rate under the assumption made by the actuary from 2.37% to 1.46%. The Group considered recording the increase in employee benefit obligation of Baht 10.27 million and recognised the past service cost in other comprehensive income by the same amount. For sensitivity information analysis above, it may change from the previously presented data.

**Expected maturity analysis of retirement**

(Unit : Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated/The Company Only | | |
|  | 2020 |  | 2019 |
| Within 1 year | 14,071 |  | 8,649 |
| More than 1 year but not over 5 year | 30,884 |  | 50,149 |
| More than 5 year | 343,927 |  | 513,264 |
| Total | 388,882 |  | 572,062 |

**19. LEGAL RESERVE**

Under the Public Limited Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**20. INCOME TAX EXPENSES**

20.1 Major components of income tax expenses

For the years ended December 31, 2020 and 2019 consisted of :-

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Income tax expense shown in profit or loss : |  |  |  |  |  |  |  |
| Current tax expense: |  |  |  |  |  |  |  |
| Income tax expense for the year | 753 |  | 4,121 |  | 191 |  | 3,883 |
| Deferred tax expense : |  |  |  |  |  |  |  |
| Changes in temporary differences relating |  |  |  |  |  |  |  |
| to the original recognition and reversal | (58,911) |  | (892) |  | (59,705) |  | (3,220) |
| Total | (58,158) |  | 3,229 |  | (59,514) |  | 663 |
| Income tax expense in relation to components of  other comprehensive income : |  |  |  |  |  |  |  |
| Deferred tax expense : |  |  |  |  |  |  |  |
| Loss on estimate as per mathematic calculation | 2,739 |  | 841 |  | 2,739 |  | 841 |
| Gains on land revaluation | 51,714 |  | - |  | 51,714 |  | - |
| Total | 54,453 |  | 841 |  | 54,453 |  | 841 |

20.2 A numerical reconciliation between the income tax expense, the average effective tax rate and the applicable tax rate

For the years ended December 31, 2020 and 2019.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | | | | |
|  | 2020 | | | | | | |  | 2019 | | | | | |
|  | Tax amount (Thousand Baht) | | |  | Tax rate  (%) | | |  | Tax amount (Thousand Baht) | | |  | Tax rate  (%) | |
| Accounting profit before tax expense for the year | (304,053) | | |  |  | | |  | 21,363 | | |  |  | |
| Tax expense at the applicable tax rate | (60,811) | | |  | 20.00 | | |  | 4,273 | | |  | 20.00 | |
| Reconciliation items: |  | | |  |  | | |  |  | | |  |  | |
| Tax effect of expenses that are not deductible in  determining tax profit: |  | | |  |  | | |  |  | | |  |  | |
| - Expenses not allowed as expenses in determining taxable profit | 3,399 | | |  | (1.12) | | |  | 1,908 | | |  | 8.93 | |
| Tax effect of income or profit that are not required in  determining taxable profit and expenses deducted as  expenses added in taxable | (3,976) | | |  | 1.31 | | |  | (2,542) | | |  | (11.90) | |
| Effect of deferred tax from tax rates for the subsidiaries | 3,230 | | |  | (1.06) | | |  | (410) | | |  | (1.92) | |
| Total reconciliation items | 2,653 | | |  | (0.87) | | |  | (1,044) | | |  | (4.89) | |
| Tax expense at the average effective tax rate | (58,158) | | |  | 19.13 | | |  | 3,229 | | |  | 15.11 | |
|  | The Company only | | | | | | | | | | | | |
|  | 2020 | | | | |  | 2019 | | | | | | |
|  | Tax amount (Thousand Baht) |  | Tax rate  (%) | | |  | Tax amount (Thousand Baht) | | |  | Tax rate  (%) | | |
| Accounting profit before tax expense for the year | (290,756) |  |  | | |  | 12,217 | | |  |  | | |
| Tax expense at the applicable tax rate | (58,151) |  | 20.00 | | |  | 2,443 | | |  | 20.00 | | |
| Reconciliation items: |  |  |  | | |  |  | | |  |  | | |
| Tax effect of expenses that are not deductible in  determining tax profit: |  |  |  | | |  |  | | |  |  | | |
| - Expenses not allowed as expenses in determining taxable profit | 2,077 |  | (0.71) | | |  | 762 | | |  | 6.24 | | |
| Tax effect of income or profit that are not required in  determining taxable profit and expenses deducted as  expenses added in taxable | (3,440) |  | 1.18 | | |  | (2,542) | | |  | (20.81) | | |
| Total reconciliation items | (1,363) |  | 0.47 | | |  | (1,780) | | |  | (14.57) | | |
| Tax expense at the average effective tax rate | (59,514) |  | 20.47 | | |  | 663 | | |  | 5.43 | | |

**21. CAPITAL MANAGEMENT**

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

According to the consolidated balance sheet as at December 31, 2020 and 2019, the Company and subsidiaries’s debt-to-equity ratio was 0.88:1 and 0.72:1, respectively.

According to the separate balance sheet as at December 31, 2020 and 2019, the Company’s debt-to-equity ratio was 0.88:1 and 0.73:1, respectively.

**22. DEVIDEND PAID**

At the Company’s Board of Directors’ Meeting on April 22, 2020, the meeting has approved an interim dividend payment from the Company’s financial performance of 1 January - 31 December 2019 at Baht 0.57 per share, totaling Baht 12.16 million. This dividend was paid on May 18, 2020.

At the Company’s Annual General Shareholders’ Meeting on April 25, 2019, the meeting has approved a dividend payment from the operating results for the year 2018 of Baht 0.57 per share, totaling Baht 12.16 million. This dividend was paid May 17, 2019.

**23. BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributed to shareholder by the weighted average number of ordinary shares in issue, which is 21,330,715 shares during the years ended December 31, 2020 and 2019. The Group has no financial instruments and other agreements generated the equivalent ordinary shares.

**24. EXPENSES BY NATURE**

The following significant expenditure items for the years ended December 31, 2020 and 2019 classified by nature, have been charged in profit before income tax:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Changes in finished goods |  |  |  |  |  |  |  |
| and work in process | 97,362 |  | (15,718) |  | 97,200 |  | (18,779) |
| Raw material and consumables used | 184,817 |  | 378,769 |  | 184,817 |  | 378,769 |
| Employee expenses | 386,048 |  | 532,356 |  | 373,071 |  | 511,048 |
| Energy expenses | 160,609 |  | 335,419 |  | 160,570 |  | 335,370 |
| Depreciation and amortisation | 174,754 |  | 161,152 |  | 175,199 |  | 160,611 |
| Repair and maintenance expenses | 57,224 |  | 131,370 |  | 57,004 |  | 130,891 |
| Foreign exchange loss | 59,285 |  | - |  | 58,570 |  | - |
| Other expenses | 275,167 |  | 335,989 |  | 281,053 |  | 327,992 |
|  | 1,395,266 |  | 1,859,337 |  | 1,387,484 |  | 1,825,902 |

**25. PROVIDENT FUND**

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the CIMB-Principal Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund’s policy. For the years ended December 31, 2020 and 2019, the Company contributed to the fund totaling Baht 9.86 million and Baht 11.28 million, respectively.

**26. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION**

The Company has been granted of promotional privileges by the Board of Investment under Investment Promotion Act B.E. 2520 for the business of manufacture of glass products, as following :-

|  |  |
| --- | --- |
| Promotion Certificate No. | 63-0275-1-07-1-0 |
| Dated | March 5, 2020 |
| Category of promoted operation | Category 2.4.2 : Manufacture of glass products |
| Key Privileges and benefits under the promotion certificate |  |
| 1. Exemption from import duty for machineries | Must imported by March 5, 2020 |
| 2. Exempt corporate income tax for net profit from business promotion  not over 50% of investment, not over Baht 72 million, 3-year period  from the income date after receiving promotion certificate | Not started operation |

As a promoted company, the Company must comply with certain conditions and restrictions provided under the promotion certificate.

**27. SEGMENT INFORMATION**

The Company produces and sells table software for both domestic and export markets, utilising the same assets. The Company has one reportable segment which is the factory. Reporting segment is referred from internal report of the Group which is reviewed by the managing director how to allocate resources and in assessing performance.

Managing director considers performance of reporting segments from the profit from operation.

Sales by geographic for the years ended December 31, 2020 and 2019 are as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Domestic sales | 331,451 |  | 496,087 |  | 331,430 |  | 495,174 |
| Export sales | 780,224 |  | 1,371,121 |  | 776,167 |  | 1,329,526 |
| Total | 1,111,675 |  | 1,867,208 |  | 1,107,597 |  | 1,824,700 |

**28. FINANCIAL INSTRUMENTS**

The financial instruments of the Group consist of cash, cash equivalents, trade accounts receivable, short-term loan, long-term loan. The Group is exposed to financial risks associated with such financial instruments and has the risk management policies as follows:

**28.1 Financial risk factors**

The Group’s activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by Group’s treasury under policies approved by the board of directors. The Group’s treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

**28.2 Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Entities in the Group use forward contracts, transacted with the Group’s treasury, to hedge their exposure to foreign currency risk in connection with measurement currency. The Group’s treasury is responsible for hedging the net position in each currency by using currency borrowings and external forward currency contracts.

As at December 31, 2020 and 2019, the Company has significant exchange rate risk related to transactions in foreign currencies. The balances of foreign currency denominated financial assets and liabilities are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand foreign currency unit) | | | | | | | | | | |
|  | Consolidated | | | | | | | | | | |
|  | Financial assets | | |  | Financial liabilities | | |  | Average exchange rate  (Unit: Baht per 1 foreign currency unit) | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| USD | 562 |  | 24,372 | 77 |  | 188 | 29.9083 |  | 29.9794 |
| EUR | 89 |  | 85 |  | 144 |  | 34 |  | 36.9664 |  | 33.5795 |
| CNY | 10,660 |  | 15,394 |  | 1,327 |  | 989 |  | 4.5611 |  | 4.2629 |
| JPY | 4,214 |  | 12,500 |  | - |  | - |  | 0.2869 |  | 0.2723 |
| INR | 5,461 |  | 12,389 |  | 610 |  | 2,693 |  | 0.3877 |  | 0.4043 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand foreign currency unit) | | | | | | | | | | |
|  | The Company Only | | | | | | | | | | |
|  | Financial assets | | |  | Financial liabilities | | |  | Average exchange rate  (Unit: Baht per 1 foreign currency unit) | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| USD | 562 |  | 24,372 | 77 |  | 188 | 29.9083 |  | 29.9794 |
| EUR | 89 |  | 85 |  | 144 |  | 34 |  | 36.9664 |  | 33.5795 |
| CNY | 7,353 |  | 7,667 |  | 1,062 |  | - |  | 4.5634 |  | 4.2558 |
| JPY | 4,214 |  | 12,500 |  | - |  | - |  | 0.2869 |  | 0.2723 |
| INR | - |  | - |  | - |  | 80 |  | - |  | 0.4495 |

Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to manage exposure to fluctuations in foreign currencies of trade receivables, other receivables, trade payables and other payables denominated in foreign currencies.

As at December 31, 2019, the Company had forward foreign exchange contracts with maturities of less than 1 year as follows:

(Unit : Million Baht)

|  |  |
| --- | --- |
|  | Fair value |
|  | Consolidated /  The Company Only |
|  | 2019 |
| Forward foreign exchange contracts |  |
| USD 12.93 million (Baht 30.04 - 30.18 per USD 1) | 387.48 |
| USD 9.98 million (Baht 29.97 - 30.14 per USD 1) | 296.85 |
| YEN 4.13 million (Baht 29.19 per YEN 100) | 1.14 |

**28.3 Interest rate risk**

The Group’s income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution.

The Group is exposed to interest rate risk primarily relating to its borrowings bearing interest. However, since most of the financial liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

**28.4 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

**28.5 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to manage risk. Due to the dynamic nature of the underlying business, the Group’s treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

**28.6 Accounting for derivative financial instruments**

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. Such instruments are recognised at fair value. At the end of each reporting period, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of derivative financial instruments is their quoted market price at the reporting date, being the present value of the quoted derivative price.

**28.7 Fair value estimation**

Analyses of financial instruments are carried at fair value by the valuation method. The different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Net fair values

The carrying amounts of cash and cash equivalents, trade receivables, other short-term receivables, trade payables and other short-term payables, their fair values due to the short-term maturity period.

The carrying amounts of long-term loans from financial institutions are approximate to their fair values due to floating interest rates. The long-term loans from financial institutions with fixed interest rate, their fair values approximate the carrying amounts because the average interest rate at the financial position date that is offered to the loans with the similar terms and conditions to the Group are approximate to the fixed rates specified in the contracts.

The fair values of open forward foreign exchange contracts as at December 31, 2019 were stated as net assets of Baht 4.86 million.

The fair value of forward foreign exchange contracts is determined by the market rate of each contract, which is calculated by financial institutions dealing with the Group at the date of the statement of financial position.

The fair values of derivative financial instruments, which are cross currency swap contracts, are the market prices adjusted by credit risk of the Group which is calculated by the financial institution of the Group as at the statement of financial position date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The instrument is included in level 2.

**29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

|  | (Unit : Thousand Baht) | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated/The Company Only | | | | | | | | | | |
|  | Balance |  | Cash flows |  | Non-cash transaction | | | | |  | Balance |
|  | as at January |  | Increase |  | Increase |  | Translation |  | Differences |  | as at December |
|  | 1, 2020 |  | (decrease)\* |  |  |  | on exchange rate |  | on translation |  | 31, 2020 |
|  |  |  |  |  |  |  |  |  | of financial |  |  |
|  |  |  |  |  |  |  |  |  | statements |  |  |
| Short-term borrowings from financial institutions | 655,000 |  | 135,000 |  | - |  | - |  | - |  | 790,000 |
| Long-term borrowings from financial institutions | 102,292 |  | 197,708 |  | - |  | - |  | - |  | 300,000 |
| Lease liabilities\*\* | 42,066 |  | (19,850) |  | 13,185 |  | - |  | - |  | 35,401 |
| Total | 799,358 |  | 312,858 |  | 13,185 |  | - |  | - |  | 1,125,401 |

|  | (Unit : Thousand Baht) | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated/The Company Only | | | | | | | | | | |
|  | Balance |  | Cash flows |  | Non-cash transaction | | | | |  | Balance |
|  | as at January |  | Increase |  | Increase |  | Translation |  | Differences |  | as at December |
|  | 1, 2019 |  | (decrease)\* |  |  |  | on exchange rate |  | on translation |  | 31, 2019 |
|  |  |  |  |  |  |  |  |  | of financial |  |  |
|  |  |  |  |  |  |  |  |  | statements |  |  |
| Short-term borrowings from financial institutions | 585,000 |  | 70,000 |  | - |  | - |  | - |  | 655,000 |
| Long-term borrowings from financial institutions | 185,373 |  | (83,081) | ( | - |  | - |  | - |  | 102,292 |
| Total | 770,373 |  | (13,081) | ( | - |  | - |  | - |  | 757,292 |

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

\*\* Effects of the adoption of TFRS 16 (As at January 1, 2020) (Note 5)

**30. COMMITMENTS AND CONTINGENT LIABILITIES**

**30.1 Operating lease commitments - where a Group company is the lessee**

30.1.1 The Group has entered into a non-cancellable operating lease for office building with facilities, office equipment and vehicles. The future aggregate minimum lease payments under the non-cancellable operating leases are as follows:

(Unit : Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| Not later than 1 year | 3,001 |  | 45,448 |  | 2,382 |  | 44,550 |
| Later than 1 year and not later |  |  |  |  |  |  |  |
| than 5 years | 3,462 |  | 39,406 |  | 3,462 |  | 39,406 |
| Total | 6,463 |  | 84,854 |  | 5,844 |  | 83,956 |

As at December 31, 2020, the Group had no obligations under lease agreements and related service agreements as a result of the adoption of the TFRS 16 as at January 1, 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted incremental borrowing rate, as described in Note 5 to the financial statements.

30.1.2 The Company entered into an agreement of buy/sell natural gas with 2 years period. The Company is required to pay for natural gas usage and pipe rental by month at a negotiated price as specified in the agreement.

30.1.3 The Company entered into an agreement of buy/sell gas with 8 years period. The Company is required to pay for liquid oxygen usage and wastewater treatment fee by month at a negotiated price as specified in the agreement.

**30.2 Bank guarantees**

As at December 31, 2020, the Group had outstanding letters of guarantee of Baht 28.29 million issued by local financial institutions as collaterals for sales of goods and electrical usage (2019 : Baht 25.53 million).

**30.3 Capital commitments**

As at December 31, 2020, the Group had capital commitments amounting to Baht 22.53 million (2019 : Baht 184.64 million).

**31. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors of the Company on February 24, 2021.