

**SCG Packaging Public Company Limited  
and its Subsidiaries**

Consolidated financial statements  
and  
Financial statements for the year ended  
31 December 2020  
and  
Independent auditor's report

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## **Independent auditor's report**

### **To the Shareholders of SCG Packaging Public Company Limited**

#### *Opinion*

I have audited the consolidated financial statements of SCG Packaging Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement and statement of comprehensive income, changes in shareholders’ equity and cash flows for year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, its financial performance and cash flows for year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

The acquisitions of business	
Refer to Notes 2, 4 (a) and 5 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group acquired company in abroad. These result in the increase in production capacity, customer base in region, and competitive advantages of the Group. The accounting for the business acquisition is material, complex and requires management to make significant judgments on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition comparing with the consideration transferred to the seller, resulting in the differences that give rise to goodwill recognition. The Group engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to determine the fair values of assets acquired and liabilities assumed from a business acquisition with reference to its operating environment, my knowledge of the acquired business and industry, and other information obtained during the audit. The audit procedures included a combination of inquiry of management about the nature and objective for a business acquisition, inspecting share transfer agreement and relevant minutes of meetings of management in order to understand the significant terms and conditions, and the features relevant to the acquisition accounting. I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and approach. I evaluated the appropriateness of identifying assets acquired and liabilities assumed from a business acquisition by management, including the consideration transferred to the seller. I examined the relevant purchase and disbursement documents. I verified the mathematical accuracy of calculation of goodwill. In addition, I evaluated the independence and professional competence of the independent appraisers engaged by the Group.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

The impairment testing of goodwill	
Refer to Notes 2, 4 (i), and 13 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
Business risk arising from internal and external factors causes the management to pay more attention to impairment testing of goodwill arising from business acquisition, especially from the acquisition of foreign businesses. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination on an annual basis and whenever an indication of impairment exists. This requires management's judgments and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from business plan and its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to evaluate the recoverable amount of cash generating unit and impairment indicator.</p> <p>I evaluated the appropriateness of identification of the CGU by management to which goodwill belongs, reasonableness and tested key assumptions which supported discounted cash flows projection, appropriateness of the valuation methodology and discount rate by management concerning market situations and operating environment, industry knowledge and other information obtained during the audit. I tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

The impairment testing of property, plant and equipment	
Refer to Notes 2, 4 (h), and 11 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the indication of impairment requiring impairment testing of property, plant and equipment of the Group. The management focused on the businesses which performance was consistently below expectations. The impairment testing of property, plant and equipment is considered to be a key risk area due to the fact that it involves significant judgment by management to identify whether there is any indication of impairment and to consider the recoverable amount. Judgmental aspects include estimates and assumptions in respect of the forecasting of future cash flows along with its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of impairment indicator and the key assumptions which underpin management's forecast.</p> <p>I evaluated the appropriateness of identification of the CGU by management and valuation methodology, reasonableness of impairment indicator with reference to current market situations and operating environment, industry knowledge, and other information obtained during the audit.</p> <p>I tested significant assumptions which supported discounted cash flows projection by comparing the key assumptions with internal and external sources of information, appropriateness of the valuation methodology, discount rate and sensitivity analysis to determine the effect of changes in the significant assumptions by management concerning recent performance, trend analysis, and tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical forecasts to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

### *Emphasis of Matter*

I draw attention to Note 5. The Group acquired a business in Vietnam during the year ended 31 December 2020 and engaged an independent appraiser to determine the fair value of the identifiable assets acquired and liabilities assumed from the business acquisitions. As at the reporting date, the appraisal has not yet been completed therefore the determination of the fair value was determined provisionally and is subject to adjustment. My opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

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



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

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

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

(Thanyalux Keadkeaw)  
Certified Public Accountant  
Registration No. 8179

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2021

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Assets	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Current assets</b>			
Cash and cash equivalents	7	31,255,702	4,393,845
Short-term investments		1,629,897	565,508
Trade and other current receivables	6, 31	16,334,040	15,198,020
Advance payment for assets		806,887	1,715,782
Short-term loans to related parties	6	-	4,601
Inventories	8	12,760,100	13,276,136
Other current assets		132,291	229,431
<b>Total current assets</b>		<b>62,918,917</b>	<b>35,383,323</b>
<b>Non-current assets</b>			
Investments in equity instrument		6,152	16,192
Investments in associates	9	822,620	770,754
Other non-current receivables		603,334	980,633
Investment property	10	144,183	187,400
Property, plant and equipment	11, 12	87,271,287	82,863,567
Goodwill	13	18,623,670	17,612,266
Other intangible assets	13	812,571	814,032
Deferred tax assets	14	971,601	744,955
Others non-current assets		254,545	139,923
<b>Total non-current assets</b>		<b>109,509,963</b>	<b>104,129,722</b>
<b>Total assets</b>		<b>172,428,880</b>	<b>139,513,045</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Liabilities and shareholders' equity	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>			
Bank overdrafts and short-term borrowings			
from financial institutions	16	15,080,050	7,131,509
Trade and other current payables	6, 17	10,365,118	10,058,564
Current portion of long-term borrowings			
from financial institutions	16	16,302,161	2,183,635
Current portion of lease liabilities	16	426,936	87,801
Short-term borrowings from related parties	6	-	33,827,196
Corporate income tax payable		887,582	604,793
Other current liabilities		174,838	120,546
<b>Total current liabilities</b>		<b>43,236,685</b>	<b>54,014,044</b>
<b>Non-current liabilities</b>			
Long-term borrowings from financial institutions	16	12,051,646	16,318,425
Lease liabilities	16	1,066,814	35,337
Deferred tax liabilities	14	2,403,658	2,873,568
Non-current provisions for employee benefits	18	3,598,083	3,375,357
Other non-current liabilities		231,212	80,319
<b>Total non-current liabilities</b>		<b>19,351,413</b>	<b>22,683,006</b>
<b>Total liabilities</b>		<b>62,588,098</b>	<b>76,697,050</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2020

Liabilities and shareholders' equity	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Shareholders' equity</b>			
Share capital	19		
<i>Authorized share capital</i>			
- Ordinary share		<b>4,500,000</b>	<b>4,500,000</b>
<i>Issued and paid share capital</i>			
- Ordinary share		4,292,920	3,126,000
Share premium	20	40,860,245	1,935,000
Retained earnings			
<i>Appropriated</i>			
Legal reserve		337,700	218,600
General reserve		3,000	3,000
<i>Unappropriated</i>		46,836,323	41,929,779
Other components of shareholders' equity	20	(3,592,371)	(4,260,330)
<b>Total equity attributable to owners of the parent</b>		<b>88,737,817</b>	<b>42,952,049</b>
Non-controlling interests	21	21,102,965	19,863,946
<b>Total shareholders' equity</b>		<b>109,840,782</b>	<b>62,815,995</b>
<b>Total liabilities and shareholders' equity</b>		<b>172,428,880</b>	<b>139,513,045</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated income statement

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
Revenue from sales	6	92,785,968	89,069,867
Cost of sales	6	(73,332,592)	(71,651,345)
<b>Gross profit</b>		<b>19,453,376</b>	<b>17,418,522</b>
Gain on exchange rate		-	250,086
Other income	6	602,365	713,740
<b>Profit before expenses</b>		<b>20,055,741</b>	<b>18,382,348</b>
Distribution costs	6, 23	(5,148,777)	(4,800,607)
Administrative expenses	6, 24	(4,991,736)	(4,425,364)
Employee benefit expense from the amended severance pay of the Labor Law	25	-	(527,368)
Loss on exchange rate		(222,208)	-
<b>Total expenses</b>		<b>(10,362,721)</b>	<b>(9,753,339)</b>
<b>Profit from operations</b>		<b>9,693,020</b>	<b>8,629,009</b>
Finance costs	26	(1,451,881)	(1,741,429)
Share of profit of associates accounted for using equity method	9	66,384	52,728
<b>Profit before income tax</b>		<b>8,307,523</b>	<b>6,940,308</b>
Tax expense	27	(1,001,605)	(1,049,048)
<b>Profit for the year</b>		<b>7,305,918</b>	<b>5,891,260</b>
Profit attributable to			
<b>Owners of the parent</b>		<b>6,457,475</b>	<b>5,268,511</b>
Non-controlling interests	21	848,443	622,749
		<b>7,305,918</b>	<b>5,891,260</b>
<b>Basic earnings per share (in Baht)</b>			
<b>Attributable to owners of the parent</b>	29	<b>1.95</b>	<b>1.69</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of comprehensive income

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
<b>Profit for the year</b>		<b>7,305,918</b>	<b>5,891,260</b>
<b>Other comprehensive income</b>			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Exchange differences on translating financial statement		(408,129)	(1,146,562)
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Defined benefit plan actuarial losses	18	(159,063)	(200,672)
Share of other comprehensive income of associates			
accounted for using equity method	9	(4,184)	118
Income tax relating to components of other			
comprehensive income that will not be			
reclassified to profit or loss	27	34,478	38,683
<b>Total components of other comprehensive income</b>			
<b>that will not be reclassified to profit or loss</b>		<b>(128,769)</b>	<b>(161,871)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(536,898)</b>	<b>(1,308,433)</b>
<b>Total comprehensive income for the year</b>		<b>6,769,020</b>	<b>4,582,827</b>
Total comprehensive income attributable to			
<b>Owners of the parent</b>		<b>6,110,723</b>	<b>4,332,205</b>
Non-controlling interests		658,297	250,622
		<b>6,769,020</b>	<b>4,582,827</b>

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

**SCG Packaging Public Company Limited and its Subsidiaries**

**Consolidated statement of changes in shareholders' equity**

**For the year ended 31 December 2020**

						Other components of shareholders' equity				
						Other comprehensive				
						income				
						Exchange		Total equity		
						differences on		attributable to		
						translating		owners of		
						financial statement		the parent		
						from shareholders		interests		
								Total		
Note	Issued and paid share capital	Share premium	Legal reserve	General reserve	Unappropriated			shareholders' equity		
(in thousand Baht)										
Balance at 1 January 2019	1,563,000	1,935,000	156,300	3,000	40,145,205	(2,083,560)	(1,278,308)	40,440,637	12,819,094	53,259,731
Transactions with owners, recorded directly in shareholders' equity										
Contributions by and distributions to owners of the parent										
Stock dividends	19, 30	1,563,000	-	-	-	(1,563,000)	-	-	-	-
Dividends	30	-	-	-	-	(1,736,667)	-	-	(1,736,667)	(230,850)
Total contributions by and distributions to owners of the parent										
		1,563,000	-	-	-	(3,299,667)	-	-	(1,736,667)	(230,850)
Changes in ownership interests in subsidiaries										
Changes that do not result in a loss of control		-	-	-	-	-	-	(84,126)	(84,126)	95,267
Changes that result in an acquisition or a loss of control	5	-	-	-	-	-	-	-	-	6,929,813
Total changes in ownership interests in subsidiaries										
		-	-	-	-	-	-	(84,126)	(84,126)	7,025,080
Total transactions with owners, recorded directly in shareholders' equity										
		1,563,000	-	-	-	(3,299,667)	-	(84,126)	(1,820,793)	6,794,230
Comprehensive income for the year										
Profit or loss		-	-	-	-	5,268,511	-	-	5,268,511	622,749
Other comprehensive income		-	-	-	-	(121,970)	(814,336)	-	(936,306)	(372,127)
Total comprehensive income for the year										
		-	-	-	-	5,146,541	(814,336)	-	4,332,205	250,622
Transfer to legal reserve										
		-	-	62,300	-	(62,300)	-	-	-	-
Balance at 31 December 2019										
		3,126,000	1,935,000	218,600	3,000	41,929,779	(2,897,896)	(1,362,434)	42,952,049	19,863,946

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2020

						Other components of shareholders' equity					
Retained earnings						Other comprehensive income					
Appropriated						Unappropriated					
						Loss on investments in					
						Exchange differences on					
						equity instruments measured at					
						financial statement					
						fair value					
						Changes in other components					
						attributable to owners of the parent					
						Non-controlling interests					
						Total equity shareholders' equity					
Note	Issued and paid share capital	Share premium	Legal reserve	General reserve							
(in thousand Baht)											
Balance at 31 December 2019 - as reported	3,126,000	1,935,000	218,600	3,000	41,929,779	(2,897,896)	-	(1,362,434)	42,952,049	19,863,946	62,815,995
Impact of changes in accounting policies	3	-	-	-	(10,477)	-	(7,713)	-	(18,190)	(2,432)	(20,622)
Balance at 1 January 2020	3,126,000	1,935,000	218,600	3,000	41,919,302	(2,897,896)	(7,713)	(1,362,434)	42,933,859	19,861,514	62,795,373
Transactions with owners, recorded directly in shareholders' equity											
Contributions by and distributions to owners of the parent											
Issue of ordinary share	19	1,166,920	38,925,245	-	-	-	-	-	40,092,165	-	40,092,165
Dividends	30	-	-	-	(1,312,920)	-	-	-	(1,312,920)	(666,535)	(1,979,455)
Total contributions by and distributions to owners of the parent		1,166,920	38,925,245	-	(1,312,920)	-	-	-	38,779,245	(666,535)	38,112,710
Changes in ownership interests in subsidiaries											
Changes that do not result in a loss of control	5	-	-	-	-	-	-	913,990	913,990	1,171,632	2,085,622
Changes that result in an acquisition or a loss of control	5	-	-	-	-	-	-	-	-	78,057	78,057
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	913,990	913,990	1,249,689	2,163,679
Total transactions with owners, recorded directly in shareholders' equity		1,166,920	38,925,245	-	(1,312,920)	-	-	913,990	39,693,235	583,154	40,276,389
Comprehensive income for the year											
Profit or loss		-	-	-	6,457,475	-	-	-	6,457,475	848,443	7,305,918
Other comprehensive income		-	-	-	(108,434)	(238,318)	-	-	(346,752)	(190,146)	(536,898)
Total comprehensive income for the year		-	-	-	6,349,041	(238,318)	-	-	6,110,723	658,297	6,769,020
Transfer to legal reserve		-	-	119,100	(119,100)	-	-	-	-	-	-
Balance at 31 December 2020		4,292,920	40,860,245	337,700	3,000	46,836,323	(3,136,214)	(7,713)	(448,444)	88,737,817	109,840,782

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



# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	7,305,918	5,891,260
<b><i>Adjustments for</i></b>		
Tax expense	1,001,605	1,049,048
Depreciation and amortization	7,183,177	5,990,773
Expected credit loss (reversal)	(6,245)	32,264
Loss on inventories devaluation (reversal)	(34,590)	93,441
Employee benefit expense	352,135	832,147
Loss (gain) on foreign currency exchange	350,106	(164,169)
Share of profit of associates accounted for using equity method	(66,384)	(52,728)
Loss on impairment of assets	-	36,623
Loss (gain) on sales of property, plant and equipment	3,511	(277,002)
Interest income	(217,369)	(114,132)
Interest expense	1,386,550	1,650,495
<b>Cash flows generated from operations</b>		
<b>before changes in operating assets and liabilities</b>	<b>17,258,414</b>	<b>14,968,020</b>
<b><i>Decrease (increase) in operating assets</i></b>		
Trade and other current receivables	(646,040)	2,421,719
Inventories	724,890	2,199,320
Other assets	(252,725)	57,185
<b>Net decrease (increase) in operating assets</b>	<b>(173,875)</b>	<b>4,678,224</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables		227,803	(1,984,926)
Provision for employee benefits		(280,786)	(139,040)
Other liabilities		185,729	65,816
<b>Net increase (decrease) in operating liabilities</b>		<b>132,746</b>	<b>(2,058,150)</b>
<b>Net cash flows generated from operations</b>		<b>17,217,285</b>	<b>17,588,094</b>
Income tax paid		(1,488,611)	(1,573,937)
<b>Net cash flows provided by operating activities</b>		<b>15,728,674</b>	<b>16,014,157</b>
<b><i>Cash flows from investing activities</i></b>			
Acquisition of subsidiaries, net of cash acquired	5	(2,707,501)	(24,022,251)
Short-term investments		(480,705)	(715,963)
Proceeds from sales of property, plant and equipment		22,627	520,723
Acquisition of property, plant and equipment		(7,568,057)	(7,914,253)
Acquisition of intangible assets		(157,596)	(87,290)
Proceed from repayment to related party		4,523	206,894
Dividends received		7,739	11,832
Interest received		206,540	110,056
<b>Net cash flows used in investing activities</b>		<b>(10,672,430)</b>	<b>(31,890,252)</b>

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

# SCG Packaging Public Company Limited and its Subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of shares	19	40,092,165	-
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control	5	2,557,172	193,777
Payments of changes in ownership interests			
in subsidiaries that do not result in a loss of control	5	(547,469)	(192,187)
<b><i>Proceeds from (payments of) borrowings</i></b>			
Increase in bank overdrafts and short-term borrowings			
from financial institutions		7,734,053	36,317
Increase (decrease) in short-term borrowing			
from related parties		(33,825,986)	10,415,065
Proceeds from long-term borrowings			
from financial institutions		15,327,851	13,136,727
Payments of long-term borrowings			
from financial institutions		(5,652,253)	(1,576,976)
Payments of lease liabilities		(490,137)	(65,136)
<b>Net increase (decrease) in borrowings</b>		<b>(16,906,472)</b>	<b>21,945,997</b>
<b>Dividends paid</b>			
Dividends paid to owners of the parent		(1,312,920)	(1,736,667)
Dividends paid to non-controlling interests		(666,535)	(221,294)
<b>Total dividends paid</b>		<b>(1,979,455)</b>	<b>(1,957,961)</b>
Interest paid and front-end fee		(1,426,178)	(1,732,722)
<b>Net cash flows provided by financing activities</b>		<b>21,789,763</b>	<b>18,256,904</b>

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

## SCG Packaging Public Company Limited and its Subsidiaries

### Consolidated statement of cash flows

For the year ended 31 December 2020

	<i>Note</i>	2020	2019
		<i>(in thousand Baht)</i>	
<b>Net increase in cash and cash equivalents</b>		<b>26,846,007</b>	<b>2,380,809</b>
Effect of exchange rate changes			
on cash and cash equivalents		15,850	(82,313)
Cash and cash equivalents at beginning of the year		4,393,845	2,095,349
<b>Cash and cash equivalents at end of the year</b>		<b>31,255,702</b>	<b>4,393,845</b>
<b><i>Supplementary information for cash flows</i></b>			
<b>Non-cash transactions</b>			
Account payables from purchase of assets		705,650	978,808
Contingent consideration from acquisition of business		572,618	961,368
Stock dividends		-	1,563,000

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

**SCG Packaging Public Company Limited and its Subsidiaries**  
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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 16 February 2021.

**1 General information**

SCG Packaging Public Company Limited, the “Company”, is a company incorporated in Thailand.

The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The parent company is The Siam Cement Public Company Limited. It was incorporated in Thailand.

SCG Packaging Public Company Limited (“The Company”) and its subsidiaries (the “Group”) are a comprehensive packaging solutions providers comprising of two main operating businesses (1) Integrated Packaging Chain; and (2) Fibrous Chain.

Details of the Company’s subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	2020	2019
	Direct / Indirect Holding (%)	
<b><i>Registered in Thailand</i></b>		
Siam Kraft Industry Co., Ltd.	100	100
SCGP Excellence Training Center Co., Ltd.	100	100
SCG Paper Energy Co., Ltd.	100	100
SCGP Solutions Co., Ltd.	100	100
SCGP Rigid Plastics Co., Ltd.	100	100
Thai Cane Paper Public Company Limited	98.20	98.20
Visy Packaging (Thailand) Limited	80	80
Precision Print Co., Ltd.	75	75
Thai Containers Group Co., Ltd.	70	70
Thai Containers Khonkaen Co., Ltd.	70	70
Thai Containers Rayong Co., Ltd.	70	70
Dyna Packs Co., Ltd. *	70	70
Orient Containers Co., Ltd.	70	70
D-In Pack Co., Ltd. *	70	70
Phoenix Pulp & Paper Public Company Limited	69.58	69.58
Phoenix Utilities Co., Ltd.	69.58	69.58
Thai Paper Co., Ltd.	69.58	69.58
The Siam Forestry Co., Ltd.	69.58	69.58
Thai Union Paper Public Company Limited **	69.55	69.55

**SCG Packaging Public Company Limited and its Subsidiaries**  
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	2020	2019
	Direct / Indirect Holding (%)	
TC Flexible Packaging Co., Ltd.	52.50	52.50
Prepack Thailand Co., Ltd.	52.38	37.80
SCGP-T Plastics Co., Ltd.	51	51
Tawana Container Co., Ltd.	50.40	50.40
Conimex Co., Ltd.	38.25	38.25
<b><i>Registered in Philippines</i></b>		
United Pulp and Paper Co., Inc.	74.77	99.70
<b><i>Registered in Vietnam</i></b>		
Vina Kraft Paper Co., Ltd.	70	70
New Asia Industries Co., Ltd.	70	70
Alcamax Packaging (Vietnam) Co., Ltd.	70	70
AP Packaging (Hanoi) Co., Ltd.	70	70
Packamex (Vietnam) Co., Ltd.	70	70
Bien Hoa Packaging Joint Stock Company	65.88	-
Tin Thanh Packing Joint Stock Company	52.49	47.24
<b><i>Registered in Singapore</i></b>		
SCGP Solutions (Singapore) Pte. Ltd.	100	100
TCG Rengo (S) Limited**	70	70
TCG Solutions Pte.Ltd.	70	-
<b><i>Registered in Indonesia</i></b>		
PT Indocorr Packaging Cikarang	70	70
PT Indoris Printingdo	69.97	69.97
PT Primacorr Mandiri	67.90	67.90
PT Fajar Surya Wisesa Tbk.	55.24	55.24
PT Dayasa Aria Prima	55.24	55.24
<b><i>Registered in Malaysia</i></b>		
Interpress Printers Sendirian Berhad	68.30	68.30

\* Currently in the liquidation process due to the transfer of entire business to Orient Containers Co., Ltd. on 1 November 2020 and registered the dissolution with the Department of Business Development, Ministry of Commerce on 22 December 2020.

\*\* Currently in the liquidation process.

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2019, except as discussed in note 5.

**SCG Packaging Public Company Limited and its Subsidiaries**  
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During 2020, the Group increased its interest in Prepack Thailand Co., Ltd. and Tin Thanh Packing Joint Stock Company in Vietnam, while the percentage of holding in United Pulp and Paper Co., Inc. in Philippines has decreased due to the entering into a conditional share subscription agreement with Rengo Co., Ltd. in Japan. Moreover, the Group acquired 94.11% of ordinary share of Bien Hoa Packaging Joint Stock Company, which is a listed company on the Vietnam Stock Exchange. The company's assets and liabilities are included in the Group's consolidated financial statements, as discussed in note 5.

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRSs have resulted in changes in certain of the Group's accounting policies.

The Group has initially applied TFRS – Financial Instruments standards which comprise TFRS 9 Financial Instruments and relevant standards and interpretations and TFRS 16 Lease and disclosed impact from changes to significant accounting policies in note 3.

**(b) Functional and presentation currency**

The consolidated financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

**(c) Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.



**SCG Packaging Public Company Limited and its Subsidiaries**  
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(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4 (j) and 12 Leases:

- whether an arrangement contains a lease;
- whether the Group is reasonably certain to exercise extension options;

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 4 (j)	Determining the incremental borrowing rate to measure lease liabilities;
Note 5	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 11 and 13	Impairment test of goodwill: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
Note 18	Measurement of defined benefit obligations: key actuarial assumptions;
Note 31	- Determining the fair value of financial instruments on the basis of significant unobservable inputs. - Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate

*Impact of COVID-19 Outbreak*

The COVID-19 outbreak resulted in estimation uncertainty. The Group elected to apply accounting guidance on temporary relief measures for additional accounting options in response to impact from the COVID-19 outbreak for transactions related to consolidated financial statements as at 31 December 2020 as follows:

(a) *Impairment of assets*

The Group considered impairment of trade accounts receivables under simplified approach using historical loss rate for expected credit loss and did not take forward-looking information about the uncertain situation of COVID-19 into account.

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*(b) Fair value measurement*

The Group elected to measure investment in non-marketable equity instruments at using fair values at 1 January 2020.

*(c) Lease modifications*

The Group elected to exclude a contractual rental concession as a result of the COVID-19 situation as a lease modification by gradually deducted lease liabilities in proportion to the reduced rental, depreciation of right-of-use assets and interest on lease liabilities in proportion to the reduced rental, and recognized the differences to profit or loss.

**3 Changes in accounting policies**

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies are as follows:

*(a) TFRS - Financial instruments standards*

This TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4 (k) and 4 (w). The impact from adoption of TFRS - Financial instruments standards are as follows:

*(1) Classification - Financial assets*

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives are measured at FVTPL. It replaces accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The classification - Financial assets under TFRS 9 has no material effect on trade receivables, short-term investments derivatives and long-term investments. For the classification of investments in equity instruments, the Group has options to classify the categories of measurement for each investment according to its objective.

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(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(3) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Group classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(4) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while previous TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategies and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of the first time adoption, the Group has no effect on this matter.

(5) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model of Financial assets whereas previously the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost or fair value to other comprehensive income, except for investments in equity instruments.

The Group made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the consolidated financial statements of the Group.

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The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020 with no restatement of comparative information.

	Retained earnings	Other components of equity (in million Baht)	Non-controlling interests
<b>As at 31 December 2019 - as reported</b>	<b>42,151</b>	<b>(4,260)</b>	<b>19,864</b>
<i>Increase (decrease) due to:</i>			
Classification of financial instruments	2	(8)	-
Impairment losses on financial instruments	(12)	-	(2)
<b>As at 1 January 2020 - restated</b>	<b>42,141</b>	<b>(4,268)</b>	<b>19,862</b>

**(b) TFRS 16 Leases**

Previously, the Group, as a lessee, recognized payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. When TFRS 16 is effective from 1 January 2020, it introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items.

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing cumulative impact of right-of-use assets and lease liabilities with no restatement of comparative information. The Group elected to use some practical expedients as stated by TFRS 16.

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized the increase in right-of-use assets approximately amounting to Baht 3,556 million while financial lease decrease amounting to Baht 1,667 million and prepaid rental expenses decrease amounting to Baht 456 million and retained earnings decrease amounting to Baht 2 million which affect to increase in lease liabilities amounting to Baht 1,435 million. The nature of expenses related to those leases will change as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets. Therefore, the Group has recognized increasing in lease liabilities as at 1 January 2020 amounting to Baht 1,435 million. Incremental borrowing rates were 1.81% - 5.00% and 12.12% per annum.

**SCG Packaging Public Company Limited and its Subsidiaries**  
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**4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Group and the Group's interests in associates.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest of investment in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchases is recognized in profit for the period immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognized in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

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*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(c) Trade and other receivables and contract assets**

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss (2019: *allowance for doubtful accounts*) which are assessed on analysis of payment histories and future expectations of customer payments.

**(d) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the following formula:

Finished goods	-	at standard costs which approximate actual production costs
Merchandise	-	at average cost
Goods in process	-	at standard cost
Raw materials, spare parts, stores, supplies and others	-	at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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**(e) *Non-current assets classified as held for sale***

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale and measured at the lower of their carrying amount and fair value less cost to sell.

Once non-current assets classified as held for sale are no longer depreciated or amortized, and any equity-accounted investee is no longer equity accounted.

**(f) *Biological assets***

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, there are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognized in profit or loss.

**(g) *Investment property***

Investment properties are properties which properties that are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying assets.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognized in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	20 years
Buildings and structures	5, 20 years

No depreciation is provided on freehold land or assets under construction.



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*Reclassification to property, plant and equipment*

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(h) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns and useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 – 33 years
Buildings and structures	5 – 40 years
Machinery and equipment	3 – 30 years
Furniture, fixtures and office equipment	3 – 20 years
Transportation and equipment	5 – 10 years
Bearer plant	Actual production in each month

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(i) Goodwill and other intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any assets.

*Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

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Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, other costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs of a qualifying asset. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

*Amortization*

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis and units of production over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

		Depreciation method
Software licenses and others	3 - 10 years	Straight-line
Technology licenses and knowhow	15 years	Straight-line
Customer contracts and relationship	5 years	Contractual agreement

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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**(j) Leases**

*Accounting policies applicable from 1 January 2020*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

*As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability.

The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognized as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

***Accounting policies applicable before 1 January 2020***

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(k) *Impairment of financial assets***

***Accounting policies applicable from 1 January 2020***

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables, loans to others and related parties and debt investments), debt investments measured at FVOCI.

***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

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ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments' s credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognized as an impairment loss in profit or loss.

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*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*Accounting policies applicable before 1 January 2020*

Allowance for doubtful account assessed on analysis of payment histories and future expectations of customer payments.

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

*Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

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**(l) *Impairment of non-financial assets***

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(m) *Trade and other payables***

Trade and other payables are stated at cost.

**(n) *Contract liabilities***

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.



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**(o) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss 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 recognizes 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.

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*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(p) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

**(q) Fair value measurement**

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price. The financial instrument will be initially measured at fair value. The difference between the fair value on initial recognition and the transaction price will be recognized in profit or loss on an appropriate basis.

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Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(r) Revenue**

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

*Sale of goods and rendering of services*

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

*Revenue for rendering of services is recognized as services are provided on the basis of stage of completion of the transaction.*

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

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*Granting options to purchase additional goods or services*

The consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or option expire. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

*Dividend income*

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

*Royalty fee income*

Royalty fee income is recognized throughout the royalty period.

**(s) Interest**

Interest income or expense is recognized using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(t) Expenses**

*Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

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*Early retirement expense*

The Group offered certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

**(u) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(v) *Foreign currencies***

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at that date. Foreign exchange differences are recognized in profit or loss.

Non-monetary assets and liabilities which include arising from the payment or receipt of advance consideration measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was measured.

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*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the end of the reporting period.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the date of the transaction for acquisition occurred before the date 1 January 2013, and stated at exchange rates at the end of reporting period for acquisition beginning on or after 1 January 2013.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions and using the weighted average method.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in other components of equity until disposal of the foreign operation.

**(w) Financial instruments**

***Accounting policies applicable from 1 January 2020***

***(w.1) Recognition and initial measurement***

Trade receivables, debt securities issued and trade payables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially measured at fair value. All other financial assets and financial liabilities (unless it is a trade receivable without a significant financing component or measured at FVTPL) are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

*(w.2) Classification and subsequent measurement*

*Financial assets - classification*

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



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*Financial assets – business model assessment*

The Group makes an assessment of a business model of financial assets by considering policy and objective of investing, risk and return on investment.

*Financial assets – assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets – subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Investments in debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Investments in equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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*Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See note 4 (w.6) for financial liabilities designated as hedging instruments.

*(w.3) Derecognition*

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

*(w.4) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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*(w.5) Derivatives*

Derivative are recognized at fair value. At the end of each reporting period the fair value is measured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

*(w.6) Hedging*

The group held certain derivatives as hedging instruments to hedge risk exposure arising from foreign exchange and interest rate. Embedded derivative is separated from host contract and recognized separately if the host contract is not financial assets and met given condition.

***Accounting policies applicable before 1 January 2020***

*Investments in other equity securities*

Investment in equity instruments which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

*Derivatives*

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

***(x) Business segment reporting***

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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**5 Acquisitions of business and changes in ownership interests of subsidiaries**

**Year 2020**

***(a) Acquisitions***

During the year 2020, the Group acquired significant businesses as follows:

***(1) Bien Hoa Packaging Joint Stock Company, Vietnam***

On 18 December 2020, the Group acquired 94.11% of ordinary shares of Bien Hoa Packaging Joint Stock Company. (“SOVI”), which is listed on the Vietnam Stock Exchange which is one of leading fiber based packaging company, for a total consideration of Vietnamese Dong 2,070 billion or equivalent to approximately Baht 2,669 million.

Obtaining control over SOVI will allow the Group to enlarge customer base particularly in food, beverage and fast-moving consumer goods segments and reinforce internal integration with its packaging paper manufacturing.

With respect to the above acquisitions, the Group has engaged independent appraisers to determine the fair values of net assets and liabilities acquired. As at 31 December 2020, the determination of the fair values has not been completed. Therefore, the assets and liabilities of SOVI have been recorded at provisional amounts in consolidated statement of financial position as at 31 December 2020. The result of valuation may be adjusted when the report of the appraiser is completed.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently, the adjustments on accounting transaction of such acquisition will be made.

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Assets acquired and liabilities assumed at the acquisition date were as follows:

	<i>Note</i>	<b>Fair Value SOVI</b> <i>(in million Baht)</i>
Cash and cash equivalents		42
Trade and other current receivables		532
Inventories		184
Other current assets		194
Property, plant and equipment	11	1,017
Other non - current assets		9
Interest-bearing debts	15, 16	(252)
Trade and other current payables		(404)
Other current liabilities		(17)
Deferred tax liabilities	14	(115)
<b>Net identifiable assets and liabilities</b>		<b>1,190</b>
<i>Less non-controlling interests</i>		<i>(70)</i>
<b>Recognized value of net assets acquired</b>		<b>1,120</b>
Goodwill	13	1,549
<b>Total consideration transferred</b>		<b>2,669</b>
Cash acquired		(42)
<b>Net cash outflows</b>		<b>2,627</b>
<i>Less cash in escrow account</i>		<i>(534)</i>
<b>Net cash outflows until 31 December 2020</b>		<b>2,093</b>

Cash in escrow account amounting to Baht 534 million are presented net of accrued investment and will be released when certain conditions are met within 2 years after acquisition date.

The assets and liabilities since acquisition date have been included in the Group's consolidated financial statements as at 31 December 2020, while the financial performance is not consolidated in these Group's consolidated financial statements. In 2020, SOVI recognized revenue from sale of amounting to Baht 2,272 million and net profit for the year amounting to Baht 197 million.

The Group incurred acquisition costs totaling Baht 51 million which have been included in administrative expenses in the consolidated income statement.

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***(2) PT Fajar Surya Wisesa Tbk. and its subsidiary, Indonesia***

During the first quarter of 2020, the Group negotiated with the former shareholder of Fajar to reduce the contingent consideration by USD 10 million or equivalent to Baht 307 million. This resulted in a decrease in goodwill by Baht 307 million. In April 2020, the Group paid total consideration payable of Baht 615 million from the escrow account to the former shareholder as certain conditions were achieved.

***(b) Change in ownership interests in subsidiaries***

- On 31 January 2020 United Pulp and Paper Co., Inc. (“UPPC”), a subsidiary of the Group located in Philippines, has entered into a conditional share subscription agreement with Rengo Co., Ltd. (“Rengo”), a Japanese company. Subsequently, on 6 March 2020, Rengo transferred cash advance to purchase shares amounting to Philippines Peso 4,103 million or equivalent to Baht 2,557 million.

On 16 October 2020, UPPC completed the registration of the capital increase with the authorities. The Group’s equity share in UPPC will decrease from 99.7% to 74.8% and non-controlling interest has increased Baht 1,648 million in the fourth quarter of 2020, UPPC will remain a consolidated subsidiary of the Group.

- In the third quarter of 2020, the Group increased its interest in Prepack Thailand Co., Ltd. (“Prepack”) from 72% to 99.77% and its interest in Tin Thanh Packing Joint Stock Company (“Batico”), a subsidiary of the Group located in Vietnam, from 89.99% to 99.98% totalling Baht 547 million.

The following summarizes the effect of the change in the Group’s ownership interests:

	<i>(in million Baht)</i>
Carrying amount of non-controlling interests acquired	475
Less Consideration paid to non-controlling interests	(547)
<b>Decrease in other components from shareholders’ equity</b>	<b>(72)</b>

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**Year 2019**

***(a) Acquisitions***

During the year 2019, the Group acquired significant businesses as follows:

***(1) PT Fajar Surya Wisesa Tbk. and its subsidiary, Indonesia***

On 28 June 2019, the Group acquired 55.004% of ordinary shares of PT Fajar Surya Wisesa Tbk. (“Fajar”), which is a leading Indonesian packaging paper company and which is also listed on the Indonesia Stock Exchange. Obtaining control in Fajar will allow the Group to enhance its ASEAN growth platform, especially in Indonesia that provides tremendous future growth opportunity for Packaging business, for total consideration of Rupiah 9.6 trillion equivalent to approximately Baht 20,817 million. At 31 December 2019, there was cash in escrow account amounting to Baht 922 million, which will be released when certain conditions are met within March 2020.

***(2) Visy Packaging (Thailand) Limited, Thailand***

On 30 August 2019, the Group acquired 80% of ordinary shares of Visy Packaging (Thailand) Limited (“Visy Thailand”). Visy Thailand is Asia’s leading producer of thermoformed barrier food packaging which is also recyclable, serving established global brand owners that require high quality packaging products. Also, the acquired company possesses global scale with a highly-automated production facility, including proprietary technology to produce packaging that can preserve food and fruit, as well as an integrated process to minimize waste, for a total consideration of Baht 4,305 million.

Obtaining control in Visy Thailand further reinforces the Group’s continued growth and capabilities as a total packaging solution provider, especially in the Asian food and fruit segments where the world’s major plantations are based.

With respect to the above acquisitions, the Group has engaged independent appraisers to determine the fair values of net assets and liabilities acquired. As at 31 December 2019, the determination of the fair values has been completed, and the assets acquired and liabilities assumed were recognized accordingly.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently, the adjustments on accounting transaction of such acquisition will be made.

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Assets acquired and liabilities assumed at the acquisition date were as follows:

	<i>Note</i>	<b>Fair Value</b>		
		<b>Fajar</b>	<b>Visy</b>	<b>Total</b>
			<b>Thailand</b>	
		<i>(in million Baht)</i>		
Cash and cash equivalents		295	23	318
Trade and other current receivables		3,932	263	4,195
Inventories		2,594	235	2,829
Investment properties	10	-	44	44
Property, plant and equipment	11	22,550	1,406	23,956
Other intangible assets	13	3	528	531
Deferred tax assets	14	38	-	38
Non-current assets		745	19	764
Interest-bearing debts	16	(9,421)	(75)	(9,496)
Trade and other current payables		(3,167)	(154)	(3,321)
Deferred tax liabilities	14	(2,523)	(163)	(2,686)
Non-current liabilities		(586)	(10)	(596)
<b>Net identifiable assets and liabilities</b>		<b>14,460</b>	<b>2,116</b>	<b>16,576</b>
<i>Less non-controlling interests</i>		<i>(6,506)</i>	<i>(423)</i>	<i>(6,929)</i>
<b>Recognized value of net assets acquired</b>		<b>7,954</b>	<b>1,693</b>	<b>9,647</b>
Goodwill	13	12,863	2,612	15,475
<b>Total consideration transferred</b>		<b>20,817</b>	<b>4,305</b>	<b>25,122</b>
Cash acquired				(318)
<b>Net cash outflows</b>				<b>24,804</b>
<i>Less cash in escrow account</i>				<i>(922)</i>
<b>Net cash outflows until 31 December 2019</b>				<b>23,882</b>

Cash in escrow account amounting to Baht 922 million are presented net of accrued investment and will be released when certain conditions are met within March 2020.

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the year ended 31 December 2019. The subsidiaries contributed revenue from sales of Baht 9,044 million and profit for the period of Baht 637 million to the Group's operating results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue from sales would have been Baht 99,831 million and consolidated profit for the period would have been Baht 6,275 million.

The Group incurred acquisition costs totaling Baht 43 million which have been included in administrative expenses in the consolidated income statement.



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***(b) Change in ownership interests in subsidiaries***

In the second quarter of 2019, the Group has restructured its stake in rigid packaging business by having Toppan Printing Company Limited, a Japanese packaging company, join in SCGP-T Plastics Company Limited (“SCGP-T”), a holding company for the rigid packaging business. With this portfolio adjustment, a transaction valued of Baht 194 million, the Group’s investment in SCGP-T has decreased from 100% to 51%. The Group recognized an increase in non-controlling interests of Baht 200 million, SCGP-T has remained a consolidated subsidiary of the Group.

In the third quarter of 2019, the Group increased its interest in PT Indocorr Packaging Cikarang (“Indocorr”) from 80% to 100% and its interest in PT Fajar Surya Wisesa Tbk. (“Fajar”) from 55.004% to 55.235%.

The following summarizes the effect of the change in the Group’s ownership interests:

	<i>(in million Baht)</i>
Carrying amount of non-controlling interests acquired	113
Less Consideration paid to non-controlling interests	(192)
<b>Decrease in Other components of shareholders’ equity</b>	<b>(79)</b>

**6 Related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa or where the Group and the party are subject to common control or common significant influence.

Relationships with related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
The Siam Cement Public Company Limited	Thailand	Ultimate parent company
Siam Toppan Packaging Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
Siam Nippon Industrial Paper Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
Sahagreen Forest Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
P&S Holdings Corporation	Philippines	An associate of SCG Packaging Public Company Limited
SCG International Corporation Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International Vietnam Co., Ltd.	Vietnam	A subsidiary of The Siam Cement Public Company Limited

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<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
PT SCG International Indonesia	Indonesia	A subsidiary of The Siam Cement Public Company Limited
Siam Fibre Cement Group Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Ceramics Public Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
Nawaplastic Industries Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Sosuco Ceramic Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Prime Group Joint Stock Company	Vietnam	A subsidiary of The Siam Cement Public Company Limited
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Fibre-Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Cement-Building Materials Company Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Marketing Philippines, Inc.	Philippines	A subsidiary of The Siam Cement Public Company Limited
SCG Chemicals Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Concrete Products and Aggregate Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Cement Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
PT SCG Indonesia	Indonesia	A subsidiary of The Siam Cement Public Company Limited
SCG International (Philippines) Corporation Co., Ltd.	Philippines	A subsidiary of The Siam Cement Public Company Limited
SCI Eco Services Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Performance Chemicals Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International USA Inc.	USA	A subsidiary of The Siam Cement Public Company Limited
Rayong Olefins Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Vietnam Co., Ltd.	Vietnam	A subsidiary of The Siam Cement Public Company Limited
Nawa Intertech Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG International Australia Pty. Ltd.	Australia	A subsidiary of The Siam Cement Public Company Limited
The Siam Refractory Industry Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Plastics Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Cement (Kaeng Khoi) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
The Siam Cement (Ta Luang) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited

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<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
The Siam Cement (Thung Song) Co.,Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Legal Counsel Limited	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Learning Excellence Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Texplore Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
SCG Skills Development Co., Ltd.	Thailand	A subsidiary of The Siam Cement Public Company Limited
Siam Tohcello Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Siam Kubota Corporation Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Siam Polystyrene Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
The Siam Gypsum Industry (Saraburi) Co.,Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
The Siam Gypsum Industry (Songkhla) Co.,Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Thai MFC Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Siam Polyethylene Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Siam Synthetic Latex Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of The Siam Cement Public Company Limited
Nippon Paper Industries Co., Ltd.	Japan	Common directors with Phoenix Pulp & Paper Public Company Limited
Rengo Co., Ltd.	Japan	Common directors with Thai Containers Group Co., Ltd.
Asia Cement Public Company Limited	Thailand	Common directors with The Siam Cement Public Company Limited

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Significant transactions with related parties for the year ended 31 December and the pricing policies are summarized as follows:

	2020 (in thousand Baht)	2019	Pricing policies
<b><i>Parent</i></b>			
Revenue from sales	11,628	16,538	Market price
Intellectual properties fees	262,740	271,616	Percentage of revenue from sales
Interest expense	254,467	1,255,622	Contract rate
Service fee	828,146	882,335	Cost plus margin method comparable
<b><i>Associates</i></b>			
Revenue from sales	361,356	669,084	Market price
Dividends income	7,739	11,832	Upon declaration
Purchases	254,029	294,741	Market price
<b><i>Others</i></b>			
Revenue from sales	3,900,966	4,420,686	Market price
Purchases	6,347,762	7,286,211	Market price
Service fee	2,470,033	2,990,783	Market price and contract rate

Balances as at 31 December with related parties were as follows:

	2020 (in thousand Baht)	2019
<b><i>Trade receivables</i></b>		
Parent	1,274	1,712
Associates	39,561	46,481
Others	652,107	524,923
<b>Total</b>	<b>692,942</b>	<b>573,116</b>
<b><i>Other current receivables</i></b>		
Parent	56,387	59,658
Associates	35,977	52,515
Others	9,405	17,054
<b>Total</b>	<b>101,769</b>	<b>129,227</b>
<b><i>Short-term loans</i></b>		
Others	-	4,601

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Movements during the years on loans to related parties were as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>Short-term</i></b>		
At 1 January	4,601	127,152
Increase	35,591	17,539
Decrease	(40,192)	(140,090)
<b>At 31 December</b>	<b>-</b>	<b>4,601</b>
<b><i>Long-term</i></b>		
At 1 January	-	92,738
Decrease	-	(92,738)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

*Advance payment from software license fee, long-term receivable and deposit shown under other non-current receivables*

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Advance payment from software license fee, long-term receivable and deposit shown under other non-current receivables</i>		
Parent	210,951	256,585
Associate	117,331	111,428
<b>Total</b>	<b>328,282</b>	<b>368,013</b>

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Trade payables</i>		
Associate	18,312	23,638
Others	839,138	997,229
<b>Total</b>	<b>857,450</b>	<b>1,020,867</b>

<i>Other current payables</i>		
Parent	106,604	127,888
Associates	4,886	5,471
Others	67,142	78,604
<b>Total</b>	<b>178,632</b>	<b>211,963</b>

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	2020	2019
	<i>(in thousand Baht)</i>	
<i>Short-term borrowings</i>		
Parent	-	33,756,240
Others	-	70,956
<b>Total</b>	<b>-</b>	<b>33,827,196</b>

Movements during the years on short-term borrowings from related parties were as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
At 1 January	33,827,196	23,415,700
Increase	7,910,548	36,476,305
Decrease	(41,737,744)	(26,064,809)
<b>At 31 December</b>	<b>-</b>	<b>33,827,196</b>

	2020	2019
	<i>(in thousand Baht)</i>	
<i>Lease liabilities</i>		
<i>Current and non-current portion</i>		
Parent	99,157	-
Associates	102,423	-
Others	9,148	-
<b>Total</b>	<b>210,728</b>	<b>-</b>

***The Board of Directors and key management compensation***

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Short-term benefits	110,519	94,414
Post-employment benefits	8,536	18,354
<b>Total</b>	<b>119,055</b>	<b>112,768</b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

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**7 Cash and cash equivalents**

	2020	2019
	<i>(in thousand Baht)</i>	
Cash on hand	126,005	61,574
Cash at banks - current accounts	2,135,233	1,660,516
Cash at banks - saving accounts	26,749,324	1,128,059
Highly liquid short-term investment	2,245,140	1,543,696
<b>Total</b>	<b>31,255,702</b>	<b>4,393,845</b>

**8 Inventories**

	2020	2019
	<i>(in thousand Baht)</i>	
Finished goods	3,491,472	4,128,493
Goods in process	772,706	966,692
Raw materials	3,651,692	4,031,065
Spare parts, stores, supplies and others	3,388,148	3,605,673
Goods in transit	1,748,110	977,173
<b>Total</b>	<b>13,052,128</b>	<b>13,709,096</b>
<i>Less allowance for decline in value</i>	<i>(292,028)</i>	<i>(432,960)</i>
<b>Net</b>	<b>12,760,100</b>	<b>13,276,136</b>
Cost of inventories recognized as an expense in cost of sales:	73,369,678	71,543,307
Write-down to net realizable value	350,232	178,733
Reversal of write-down	(388,834)	(71,872)
Changes in inventories of finished goods and goods in process	831,007	(369,904)
Raw materials and supplies used	32,598,256	35,238,582

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**9 Investments in associates**

Movements for the years ended 31 December in investments in associates accounted for using the equity method were as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
<b>At 31 December 2020 and 2019 - as reported</b>	<b>770,754</b>	<b>729,740</b>
The effect of changes in accounting policies	(2,595)	-
<b>At 1 January</b>	<b>768,159</b>	<b>729,740</b>
Share of net profit of investments - equity method	66,834	52,728
Share of other comprehensive income of investment		
- equity method	(4,184)	118
Dividend income	(7,739)	(11,832)
<b>At 31 December</b>	<b>822,620</b>	<b>770,754</b>

Investments in associates as at 31 December and dividends from these investments for the years then ended at the same date, were as follows:

	Total direct/ indirect		Paid-up capital		Cost method		Equity method		Dividend income	
	holding		2020	2019	2020	2019	2020	2019	2020	2019
	(%)		(in thousand Baht)							
<i>Associates</i>										
Siam Toppan Packaging Co., Ltd.	49	49	500,000	500,000	245,000	245,000	429,675	430,231	2,989	9,457
Siam Nippon Industrial Paper Co., Ltd.	31	31	1,100,000	1,100,000	495,000	495,000	314,699	268,307	-	-
Saha Green Forest Co., Ltd.	17	17	190,000	190,000	47,500	47,500	78,246	72,216	4,750	2,375
P&S Holdings Corporation	40	40	262,588	262,588	105,121	105,121	-	-	-	-
<b>Total</b>			<b>2,052,588</b>	<b>2,052,588</b>	<b>892,621</b>	<b>892,621</b>	<b>822,620</b>	<b>770,754</b>	<b>7,739</b>	<b>11,832</b>

*Immaterial associates*

The following is summarized financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	2020	2019
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associates	<b>822,620</b>	<b>770,754</b>
The group's share of:		
- Profit for the year	66,384	52,728
- Other comprehensive income for the year	(4,184)	118
- Total comprehensive income for the year	<b>62,200</b>	<b>52,846</b>



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**10 Investment property**

	<i>Note</i>	Land and land improvements (in thousand Baht)
<b><i>Cost</i></b>		
At 1 January 2019		213,680
Acquisitions through business combinations	5	43,681
Transfer to property, plant and equipment	11	(38,305)
<b>At 31 December 2019 – as reported</b>		<b>219,056</b>
Recognition of right-of-use asset on initial application of TFRS 16	3(b)	13,271
<b>At 1 January 2020</b>		<b>232,327</b>
Transfer to property, plant and equipment	11	(50,657)
<b>At 31 December 2020</b>		<b>181,670</b>
<b><i>Accumulated depreciation</i></b>		
At 1 January 2019		28,105
Depreciation charge for the year		3,551
<b>At 31 December 2019</b>		<b>31,656</b>
Depreciation charge for the year		5,831
<b>At 31 December 2020</b>		<b>37,487</b>
<b><i>Carrying amount</i></b>		
<b>At 31 December 2019</b>		<b>187,400</b>
<b>At 31 December 2020</b>		<b>144,183</b>

Investment properties were revalued as at 31 December 2020 at open market values on an existing use basis. The fair value was Baht 431 million (2019: Baht 506 million).

The fair value measurement for investment properties have been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which are discounted cash flows and market approach.

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**11 Property, plant and equipment**

	Land and improvements	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Transportation and equipment	Construction in progress	Bearer plant	Total
	<i>(in thousand Baht)</i>							
<b>Cost</b>								
At 1 January 2019	4,313,560	17,715,193	114,295,987	1,794,586	430,394	4,955,368	23,387	143,528,475
Acquisitions through business combinations <i>(see note 5)</i>	3,520,309	1,773,589	24,566,269	158,872	181,017	1,494,695	-	31,694,751
Additions	31,234	269,797	2,062,393	70,626	11,435	4,745,672	281	7,191,438
Disposals/written off	(1,821)	(23,238)	(847,070)	(20,370)	(33,219)	(4,922)	-	(930,640)
Transfer to other current assets	-	-	(6,395)	-	-	-	-	(6,395)
Transfer from investment properties	38,305	-	-	-	-	-	-	38,305
Transfers in (out)	64,035	497,277	2,996,050	50,396	3,989	(3,369,468)	18,016	260,295
Currency translation differences	(40,439)	(155,720)	(981,281)	(6,097)	(4,820)	(62,617)	-	(1,250,974)
<b>At 31 December 2019 as reported</b>	<b>7,925,183</b>	<b>20,076,898</b>	<b>142,085,953</b>	<b>2,048,013</b>	<b>588,796</b>	<b>7,758,728</b>	<b>41,684</b>	<b>180,525,255</b>
Recognition of right-of-use asset on initial application of TFRS 16 <i>(see note 3(b))</i>	568,361	718,330	103,905	9,992	475,436	-	-	1,876,024
<b>At 1 January 2020</b>	<b>8,493,544</b>	<b>20,795,228</b>	<b>142,189,858</b>	<b>2,058,005</b>	<b>1,064,232</b>	<b>7,758,728</b>	<b>41,684</b>	<b>182,401,279</b>
Acquisitions through business combinations <i>(see note 5)</i>	171,636	318,556	1,013,407	14,539	25,604	12,979	-	1,556,721
Additions	197,142	292,908	1,502,510	107,495	175,898	6,567,437	3,919	8,847,309
Disposals/written off	(14,852)	(16,396)	(1,552,849)	(51,254)	(43,057)	(4,616)	(9,617)	(1,692,641)
Transfer from investment properties	50,657	-	-	-	-	-	-	50,657
Transfers in (out)	99,028	589,491	3,551,691	40,158	9,374	(4,288,233)	10,946	12,455
Currency translation differences	(55,809)	(6,098)	(134,699)	710	(1,900)	(10,434)	-	(208,230)
<b>At 31 December 2020</b>	<b>8,941,346</b>	<b>21,973,689</b>	<b>146,569,918</b>	<b>2,169,653</b>	<b>1,230,151</b>	<b>10,035,861</b>	<b>46,932</b>	<b>190,967,550</b>

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	Land and land improvements	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Transportation and equipment	Construction in progress	Bearer plant	Total
	(in thousand Baht)							
<b>Accumulated depreciation and accumulated impairment losses</b>								
At 1 January 2019	1,181,321	9,361,582	72,860,757	1,422,842	313,805	-	9,521	85,149,828
Acquisition through business combinations (see note 5)	-	670,534	6,836,129	94,471	137,628	-	-	7,738,762
Depreciation charge for the year	99,122	620,844	4,958,239	147,325	48,211	-	3,457	5,877,198
Impairment losses	-	-	34,033	-	-	2,590	-	36,623
Disposals/written off	(121)	(21,229)	(782,226)	(19,766)	(29,593)	-	-	(852,935)
Transfer to other current assets	-	-	(5,670)	-	-	-	-	(5,670)
Transfers in (out)	(13,228)	36,575	267,745	7,038	(797)	-	327	297,660
Currency translation differences	(2,025)	(59,783)	(509,758)	(4,492)	(3,720)	-	-	(579,778)
<b>At 31 December 2019</b>	<b>1,265,069</b>	<b>10,608,523</b>	<b>83,659,249</b>	<b>1,647,418</b>	<b>465,534</b>	<b>2,590</b>	<b>13,305</b>	<b>97,661,688</b>
Acquisitions through business combinations (see note 5)	-	82,020	430,754	11,093	15,609	-	-	539,476
Depreciation charge for the year	157,071	839,953	5,626,132	160,928	269,992	-	3,029	7,057,105
Disposals/written off	(7,350)	(14,564)	(1,503,785)	(50,501)	(27,254)	-	(9,617)	(1,613,071)
Transfers in (out)	4,673	(4,763)	(8,315)	(472)	(283)	-	687	(8,473)
Currency translation differences	2,564	4,891	53,361	932	(2,210)	-	-	59,538
<b>At 31 December 2020</b>	<b>1,422,027</b>	<b>11,516,060</b>	<b>88,257,396</b>	<b>1,769,398</b>	<b>721,388</b>	<b>2,590</b>	<b>7,404</b>	<b>103,696,263</b>
<b>Net book value</b>								
<b>At 31 December 2019</b>								
Owned assets	6,660,114	9,468,375	56,782,798	400,595	100,565	7,756,138	28,379	81,196,964
Assets under finance leases	-	-	1,643,906	-	22,697	-	-	1,666,603
	<b>6,660,114</b>	<b>9,468,375</b>	<b>58,426,704</b>	<b>400,595</b>	<b>123,262</b>	<b>7,756,138</b>	<b>28,379</b>	<b>82,863,567</b>
<b>At 31 December 2020</b>								
Owned assets	6,708,314	9,745,254	56,924,749	365,492	119,658	10,033,271	39,528	83,936,266
Right-of-use assets	811,005	712,375	1,387,773	34,763	389,105	-	-	3,335,021
	<b>7,519,319</b>	<b>10,457,629</b>	<b>58,312,522</b>	<b>400,255</b>	<b>508,763</b>	<b>10,033,271</b>	<b>39,528</b>	<b>87,271,287</b>

In 2020, additions to the right-of-use assets of the Group was Baht 481 million.

In 2020, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment as part of the cost of construction in progress, amounting to Baht 59 million (2019: Baht 81 million), rates of interest capitalized at 1.30% - 5.35% per annum (2019: 1.95% - 5.45% per annum).

During 2019, the Group had income from sales of some assets in Singapore from a business which was terminated in June 2018. The group recognized a gain on sale of fixed assets amounting to Baht 260 million in the consolidated income statement for the year ended 31 December 2019.

For the purpose of impairment testing of property, plant and equipment of the Group where indicators occurred, the recoverable amount was based on the higher of its value in use, determined by discounting the future cash flows and its fair value less costs to sale.

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The Group used 5 years forecast discounted future cash flows projection, residual value and discount rate from weighted average cost of capital of the Group which determined from estimate and judgment of the management under the discounted future cash flows method. The recoverable amount from fair value in which the Group assessed by independent appraiser and fair value measurement was classified as the fair value level 3.

**12 Leases**

*As a lessee*

The Group has entered into the land, buildings, transportation and equipment rental agreements with local and foreign companies. The rental is fixed as specified in the contract.

***For the year ended 31 December***

2020                      2019  
*(in thousand Baht)*

***Amounts recognized in profit or loss***

Depreciation of right-of-use assets:

- Land and land improvements	54,205	-
- Buildings and structures	139,214	-
- Machinery and equipment	90,951	-
- Furniture fixtures and office equipment	9,446	-
- Transportation	223,002	-
Interest on lease liabilities	1,369	-
Expenses relating to short-term leases	205,752	-
Expenses relating to leases of low-value assets	60,629	-
Lease expense	-	736,098

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**13 Goodwill and other intangible assets**

	Goodwill	Other intangible assets			
		Software licenses and other	Technology licenses and knowhow	Customer contracts and relationship	Total other intangible assets
		(in thousand Baht)			
<b>Cost</b>					
At 1 January 2019	2,289,836	1,035,786	-	-	1,035,786
Acquisition through business combinations (see note 5)	15,475,019	75,313	374,341	153,597	603,251
Additions	-	67,948	-	-	67,948
Disposals/written off	-	(9,610)	-	-	(9,610)
Transfers in (out)	-	10,108	-	-	10,108
Currency translation differences	(152,589)	(2,928)	-	-	(2,928)
<b>At 31 December 2019</b>	<b>17,612,266</b>	<b>1,176,617</b>	<b>374,341</b>	<b>153,597</b>	<b>1,704,555</b>
Acquisition through business combinations (see note 5)	1,208,394	3,822	-	-	3,822
Additions	-	127,314	-	-	127,314
Disposals/written off	-	(3,761)	-	-	(3,761)
Transfers in (out)	-	33,066	-	-	33,066
Currency translation differences	(196,990)	(873)	-	-	(873)
<b>At 31 December 2020</b>	<b>18,623,670</b>	<b>1,336,185</b>	<b>374,341</b>	<b>153,597</b>	<b>1,864,123</b>
<b>Accumulated amortization</b>					
At 1 January 2019	-	728,070	-	-	728,070
Acquisition through business combinations (see note 5)	-	64,403	-	-	64,403
Amortization charge for the year	-	77,624	8,319	24,081	110,024
Disposals/written off	-	(9,598)	-	-	(9,598)
Currency translation differences	-	(2,376)	-	-	(2,376)
<b>At 31 December 2019</b>	<b>-</b>	<b>858,123</b>	<b>8,319</b>	<b>24,081</b>	<b>890,523</b>
Acquisition through business combinations (see note 5)	-	2,918	-	-	2,918
Amortization charge for the year	-	87,828	24,956	50,172	162,956
Disposals/written off	-	(3,731)	-	-	(3,731)
Currency translation differences	-	(1,114)	-	-	(1,114)
<b>At 31 December 2020</b>	<b>-</b>	<b>944,024</b>	<b>33,275</b>	<b>74,253</b>	<b>1,051,552</b>
<b>Carrying amount</b>					
<b>At 31 December 2019</b>	<b>17,612,266</b>	<b>318,494</b>	<b>366,022</b>	<b>129,516</b>	<b>814,032</b>
<b>At 31 December 2020</b>	<b>18,623,670</b>	<b>392,161</b>	<b>341,066</b>	<b>79,344</b>	<b>812,571</b>

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For the purpose of impairment testing of goodwill of the Group, the recoverable amount was based on value in use, determined by discounting the future cash flows. The Group used 5 years forecast discounted future cash flows projection, residual value and discount rate from weighted average cost of capital of the Group which determined from estimate and judgment of the management.

**14 Deferred tax assets (deferred tax liabilities)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statements of financial position as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
Deferred tax assets	971,601	744,955
Deferred tax liabilities	(2,403,658)	(2,873,568)
<b>Net</b>	<b>(1,432,057)</b>	<b>(2,128,613)</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	Credited (charged) to					
	At	profit	other	Increase	Currency	At
	1 January	or loss	comprehensive	through	translation	31 December
	2019	(Note 27)	income	business	differences	2019
	<i>(in thousand Baht)</i>					
<b>Deferred tax assets</b>						
Loss carry forward	27,796	221,119	-	38,618	(335)	287,198
Trade receivables	20,604	6,454	-	-	(1)	27,057
Inventories	89,380	15,255	-	6,241	(43)	110,833
Property, plant and equipment	26,693	(4,686)	-	-	116	22,123
Provisions for employee benefits	392,046	137,085	38,139	144,303	(2,237)	709,336
Others	852	2,681	-	-	(71)	3,462
<b>Total</b>	<b>557,371</b>	<b>377,908</b>	<b>38,139</b>	<b>189,162</b>	<b>(2,571)</b>	<b>1,160,009</b>
<b>Deferred tax liabilities</b>						
Property, plant and equipment	387,864	55,489	-	2,727,285	1,603	3,172,241
Intangible assets	-	(32)	-	106,011	(3)	105,976
Others	7,552	(741)	-	3,599	(5)	10,405
<b>Total</b>	<b>395,416</b>	<b>54,716</b>	<b>-</b>	<b>2,836,895</b>	<b>1,595</b>	<b>3,288,622</b>
<b>Net</b>	<b>161,955</b>	<b>323,192</b>	<b>38,139</b>	<b>(2,647,733)</b>	<b>(4,166)</b>	<b>(2,128,613)</b>

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		Effects of	Credited (charged) to		Increase	Currency	At
	At	changes in	profit	other	through	translation	At
	1 January	accounting	or loss	comprehensive	business	differences	31 December
	2020	policies	(Note 27)		combinations		2020
			(in thousand Baht)				
<i>Deferred tax assets</i>							
Loss carry forward	287,198	-	212,471	-	-	(1,438)	498,231
Investment	-	-	32,022	-	-	-	32,022
Trade receivables	27,057	795	506	-	-	(6)	28,352
Inventories	110,833	-	(25,212)	-	-	9	85,630
Property, plant and equipment	22,123	-	6,612	-	1,892	(142)	30,485
Provisions for employee benefits	709,336	-	(18,293)	34,093	505	(2,282)	723,359
Others	3,462	628	15,098	-	-	(167)	19,021
<b>Total</b>	<b>1,160,009</b>	<b>1,423</b>	<b>223,204</b>	<b>34,093</b>	<b>2,397</b>	<b>(4,026)</b>	<b>1,417,100</b>
<i>Deferred tax liabilities</i>							
Property, plant and equipment	3,172,241	-	(482,312)	-	114,847	(54,799)	2,749,977
Other intangible assets	105,976	-	(16,533)	-	-	(6)	89,437
Others	10,405	(97)	(468)	-	-	(97)	9,743
<b>Total</b>	<b>3,288,622</b>	<b>(97)</b>	<b>(499,313)</b>	<b>-</b>	<b>114,847</b>	<b>(54,902)</b>	<b>2,849,157</b>
<b>Net</b>	<b>(2,128,613)</b>	<b>1,520</b>	<b>722,517</b>	<b>34,093</b>	<b>(112,450)</b>	<b>50,876</b>	<b>(1,432,057)</b>

The Indonesian Government, through PP No. 1 Tahun 2020 dated 31 March 2020 announced a change in the corporate income tax rate from 25% to 22% for accounting periods 2020 and 2021, and to 20% for accounting periods 2022 onward. The Group has applied in the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense decrease amounting to Baht 482 million in the consolidated income statement.

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The deductible temporary differences and unused tax losses that the Group have not been recognized as deferred tax assets (liabilities) are as the following items:

	2020	2019
	<i>(in thousand Baht)</i>	
Temporary differences		
- Trade receivables	51,117	46,848
- Inventories	2,077	622
- Property, plants and equipment	23,706	3,328
- Provisions for employee benefits	83,725	92,159
- Others	116,590	67,957
Unused tax losses	1,236,556	449,646
<b>Total</b>	<b><u>1,513,771</u></b>	<b><u>660,560</u></b>

The unused tax losses which the Group has not recognized these items in deferred tax asset do not expire under tax legislation would be expired within 2025.



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**15 Changes in liabilities arising from financing activities**

	<i>Note</i>	Bank overdrafts and short-term borrowings	Long-term borrowings	Finance lease liabilities	Total
<i>(in thousand Baht)</i>					
At 1 January 2019		27,728,164	739,125	29,150	28,496,439
Changes from financing cash flows		10,451,382	11,559,751	(65,136)	21,945,997
Changes arising from obtaining subsidiaries	5	2,923,100	6,412,714	160,282	9,496,096
The effect of changes in foreign exchange rates		(143,941)	(209,530)	(1,158)	(354,629)
<b>At 31 December 2019 - as reported</b>		<b>40,958,705</b>	<b>18,502,060</b>	<b>123,138</b>	<b>59,583,903</b>
Impact of changes in accounting policies	3(b)	-	-	1,435,044	1,435,044
<b>At 1 January 2020</b>		<b>40,958,705</b>	<b>18,502,060</b>	<b>1,558,182</b>	<b>61,018,947</b>
Changes from financing cash flows		(26,091,933)	9,675,598	(490,137)	(16,906,472)
Leases		-	-	339,032	339,032
Changes arising from obtaining subsidiaries	5	195,153	56,740	-	251,893
The effect of changes in foreign exchange rates		18,125	47,988	7,235	73,348
Other non-cash movement		-	71,421	19,438	90,859
<b>At 31 December 2020</b>		<b>15,080,050</b>	<b>28,353,807</b>	<b>1,433,750</b>	<b>44,867,607</b>

In the fourth quarter of 2020, the Company uses the proceeds from the initial public offering of newly issued ordinary shares to repaid the short-term borrowings from financial institutions amounting to Baht 13,000 million according to the intention to use the proceeds from the initial public offering.

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**16 Interest-bearing liabilities**

	2020	2019
	<i>(in thousand Baht)</i>	
<b>Current</b>		
Bank overdrafts and short-term borrowings from financial institutions		
- Unsecured	15,080,050	7,131,509
Current portion of long-term borrowings from financial institution		
- Secured	7,377	2,037,784
- Unsecured	16,294,784	145,851
	<b>16,302,161</b>	<b>2,183,635</b>
Current portion of lease liabilities	426,936	87,801
<b>Total</b>	<b>31,809,147</b>	<b>9,402,945</b>
<b>Non-current</b>		
Long-term borrowings from financial institutions		
- Secured	49,803	3,405,857
- Unsecured	12,001,843	12,912,568
	<b>12,051,646</b>	<b>16,318,425</b>
Lease liabilities	1,066,814	35,337
<b>Total</b>	<b>13,118,460</b>	<b>16,353,762</b>
<b>Total interest-bearing liabilities</b>	<b>44,927,607</b>	<b>25,756,707</b>

In the first quarter of 2020, the Group's subsidiary refinance existing borrowings. Resulting from borrowings have been settled, all collaterals has been released during the second quarter of 2020.

The collateral of the secured interest-bearing liabilities from the business acquisition in Vietnam as at 31 December 2020 consists of trade receivables, inventory and property, plant and equipment with a carrying value of Baht 297 million which is in the process of releasing the lien on the collateral.

As at 31 December 2020, bank overdrafts and short-term borrowings from financial institutions of the Group has an average interest rate from 0.55% to 9.50% per annum (2019: 1.28% to 9.75% per annum).

As at 31 December 2020, long-term borrowings from financial institutions of the Group has an average interest rate from 1.00% to 10.90 % per annum (2019: 2.40% to 12.11% per annum).

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**17 Trade and other current payables**

	<i>Note</i>	2020 <i>(in thousand Baht)</i>	2019
<b><i>Trade payables</i></b>			
Related parties	6	857,450	1,020,867
Other parties		6,845,051	6,436,244
		<b>7,702,501</b>	<b>7,457,111</b>
<b><i>Other current payables</i></b>			
Related parties	6	178,632	211,963
Other parties		2,483,985	2,389,490
		<b>2,662,617</b>	<b>2,601,453</b>
<b>Total</b>		<b>10,365,118</b>	<b>10,058,564</b>

**18 Non-current provisions for employee benefits**

The Group operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, current risk, interest rate risk and market (investment) risk.

*Non-current provisions for employee benefits in consolidated statement of financial position as at 31 December*

	2020 <i>(in thousand Baht)</i>	2019
Post-employment benefits		
Legal severance payments plan	3,465,025	3,248,040
Pension	45,144	46,027
Other long-term employee benefits	109,766	92,437
<b>Total non-current provisions for defined benefit plans</b>	<b>3,619,935</b>	<b>3,386,504</b>
Other employee benefits	161	10,552
<b>Total</b>	<b>3,620,096</b>	<b>3,397,056</b>
<i>Less plan assets of foreign subsidiaries</i>	<i>(22,013)</i>	<i>(21,699)</i>
<b>Total non-current provisions for employee benefits - net</b>	<b>3,598,083</b>	<b>3,375,357</b>

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*Movement in the present value of non-current provisions for defined benefits plans*

	2020	2019
	<i>(in thousand Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	3,386,504	1,928,199
<b>Included in profit or loss</b>		
Current service costs	217,515	165,863
Interest on obligation	102,852	109,898
Actuarial losses	31,768	15,472
Transfer of employee benefit obligations from related party	-	13,547
Past service cost from the amended severance pay of the Labor Law	-	527,368
	<b>352,135</b>	<b>832,148</b>
<b>Included in other comprehensive income</b>		
Actuarial losses	158,262	200,672
Currency translation differences	(6,729)	(11,926)
	<b>151,533</b>	<b>188,746</b>
<b>Others</b>		
Benefits paid	(281,908)	(139,803)
Acquisition through business combinations	-	577,214
Others	11,671	-
	<b>(270,237)</b>	<b>437,411</b>
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>3,619,935</b>	<b>3,386,504</b>

On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the maximum rate of 300 days. The Group recognized the effect of this change as the expense amounted to Baht 527 million in consolidated income statement, resulting in the decrease in net profit amounted to Baht 338 million.

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*Movements in the fair value of plan assets of foreign subsidiaries*

	2020	2019
	<i>(in thousand Baht)</i>	
Plan assets at 1 January	21,699	22,561
Contributions paid into the plan	7,995	7,315
Benefits paid	(7,955)	(7,315)
Actuarial gains	(801)	-
Currency translation differences	1,115	(862)
<b>Plan assets at 31 December</b>	<b>22,013</b>	<b>21,699</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Demographic assumptions	26,358	(1,348)
Financial assumptions	87,068	158,479
Experience adjustment	45,637	43,541
<b>Total</b>	<b>159,063</b>	<b>200,672</b>

***Actuarial assumptions***

*Principal actuarial assumptions as of the end of the reporting period*

	2020	2019
	<i>(%)</i>	
<b><i>For the years ended 31 December</i></b>		
Discount rate *		
- Thailand	1.18 – 1.82	1.46 - 1.90
- Vietnam	2.53	4.01
- Indonesia	6.6 – 7.5	7.5 - 8.05
- Philippines	5.50	5.50
Salary increase rate	3.00 – 8.00	2.00 - 8.00
Employee turnover rate **	2.00 – 50.00	2.00 - 50.00
Mortality rate ***	50.00, 100.00	50.00, 100.00
	of TMO2017	of TMO2017

\* Market yields on government's bonds for legal severance payments plan and pension

\*\* Upon the length of service

\*\*\*Reference from TMO2017: Thai Mortality Ordinary Table 2017

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*Sensitivity analysis*

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

**Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease)	
	2020	2019
	<i>(in thousand Baht)</i>	
Discount rate		
0.50% increase	(149,814)	(147,956)
0.50% decrease	163,399	161,670
Salary increase rate		
1.00% increase	306,347	322,451
1.00% decrease	(264,811)	(276,639)
Employee turnover rate		
10.00% increase	(71,156)	(74,066)
10.00% decrease	74,133	77,347

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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**19 Share capital**

			2020		2019
	Par Value (in Baht)	Number of shares	Value (in thousand shares / thousand Baht)	Number of shares	Value
<b><i>Authorized</i></b>					
At 1 January					
- ordinary shares	1	4,500,000	4,500,000	-	-
Reduction in par value					
- ordinary shares	1	-	-	1,563,000	1,563,000
Increase of new shares					
- ordinary shares	1	-	-	2,937,000	2,937,000
<b>At 31 December</b>					
- ordinary shares	<b>1</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	1	3,126,000	3,126,000	-	-
Reduction in par value					
- ordinary shares	1	-	-	1,563,000	1,563,000
Increase of new shares					
- ordinary shares	1	1,166,920	1,166,920	1,563,000	1,563,000
<b>At 31 December</b>					
- ordinary shares	<b>1</b>	<b>4,292,920</b>	<b>4,292,920</b>	<b>3,126,000</b>	<b>3,126,000</b>

***Initial public offering***

On 26 October 2019, The Board of Directors' Meeting No. 214 (10/2019) has approved the plan to issue and offer newly issued ordinary shares in the Company as an initial public offering (IPO) and to list the ordinary shares in the Company on the Stock Exchange of Thailand. The portion of the shares to be offered for sale in the IPO will not exceed 30% of the Company's paid-up capital after its capital increase.

On 17 December 2019, the Company submitted to Thai SEC a registration statement and draft prospectus for the IPO. In connection with the IPO, the Company will issue and offer no more than 1,374 million ordinary shares with a par value of 1 Thai Baht per share.

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The Company offered 1,296.68 million newly issued ordinary shares with a par value of Baht 1 per share which consists of (1) the offering of 1,127.55 million newly issued ordinary shares in the IPO and (2) the over-allotment of 169.13 million newly issued ordinary shares, the Over-Allotment Agent has borrowed 169.13 million ordinary shares from the parent company to deliver to the subscribers. The Over-Allotment Agent shall procure the aforementioned number of shares by purchasing the Company's shares traded on the Stock Exchange of Thailand (SET) or by exercising the right to purchase the Company's shares allocated for such purpose, in the total number of 169.13 million shares, within 30 days from the date on which the Company's shares start trading on the SET.

On 19 October 2020, the Company registered the increase of 1,127.55 million paid-up share capital with the Ministry of Commerce, with an offering price of Baht 35 per share (par value of Baht 1) amounting to Baht 39,464 million. The shares of the Company began trading on the Stock Exchange of Thailand on 22 October 2020.

On 20 November 2020, after the 30-day period of exercising the right to purchase, the Over-Allotment Agent has purchased the Company's shares traded on the SET in the amount of 129.76 million shares and has announced its intention to exercise its right to purchase the 39.37 million newly-issued ordinary shares from the Company at the price of Baht 35 per share, which is the same price as the IPO price, totaling Baht 1,378 million to return the shares to the parent company. The Company issued and allocated such shares to the Over-Allotment Agent and registered the change in the paid-up capital with the Ministry of Commerce on 25 November 2020, the Company's paid-up capital with a total of 4,293 million issued shares at the par value of Baht 1 per share in the amount of Baht 4,293 million.

Expenses directly attributable to the IPO of Baht 750 million were deducted from the IPO's share premium, which was received from shares offering to investors as at 31 December 2020, resulted in net share premium of Baht 40,860 million.

***Year 2019***

On 25 November 2019, at the Extra ordinary general meeting of shareholders of the Company, shareholders approved as follows;

1. Reduction in par value of the Company's shares, from Baht 10 per share, totaling 156.3 million shares to Baht 1 per share, totaling 1,563 million shares. As a result, the number of authorized shares, and issued and paid-up shares increased by 1,406.7 million shares. The authorized share capital and issued and paid-up share capital of the Company remain unchanged. The Company completed the registration of the change with the Ministry of Commerce on 25 November 2019.
2. Increasing of authorized share capital of the Company from Baht 1,563 million to Baht 4,500 million by issuing stock dividends of 1,563 million shares at par value of Baht 1 per share in the ratio of 1 current share per 1 dividend share and issuing new ordinary shares of 1,374 million shares at par value of Baht 1 per shares. The Company completed the registration of the change with the Ministry of Commerce on 25 November 2019.



**SCG Packaging Public Company Limited and its Subsidiaries**  
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**20 Reserves and other components of shareholders' equity**

*Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

*Other components of equity*

*Exchange differences on translating financial statements*

The exchange differences on translating financial statements comprises all foreign currency differences arising from the translation of the financial statements of the Company's foreign operations until disposal of investment.

*Fair value changes of 2020*

The fair value changes comprise:

- the cumulative net change in the fair value of equity instruments designated at FVOCI until the assets are derecognized; and
- the cumulative net change in fair value of debt instruments at FVOCI until the assets are derecognized or reclassified. This amount is adjusted by the amount of loss allowance.

*Fair value changes of 2019*

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

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**21 Non-controlling interests**

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	Phoenix Pulp & Paper Public Company Limited		Thai Containers Group Co., Ltd.		PT Fajar Surya Wisesa Tbk.	
	2020	2019	2020	2019	2020	2019 *
	(in thousand Baht)					
<b>Non-controlling interests</b>						
<b>at 31 December</b>						
Non-controlling interest percentage	30.42%	30.42%	30.00%	30.00%	44.76%	44.76%
Current assets	5,896,710	6,854,079	5,605,154	4,675,657	6,314,406	6,007,852
Non-current assets	18,930,923	19,153,282	14,350,113	11,289,766	15,668,009	14,703,278
Current liabilities	(2,837,349)	(3,548,932)	(9,019,395)	(5,661,055)	(7,295,004)	(8,153,703)
Non-current liabilities	(1,131,329)	(1,093,064)	(682,656)	(630,549)	(7,508,483)	(5,014,272)
<b>Net assets</b>	<b>20,858,955</b>	<b>21,365,365</b>	<b>10,253,216</b>	<b>9,673,819</b>	<b>7,178,928</b>	<b>7,543,155</b>
Carrying amount of non-controlling interest	6,345,294	6,499,344	3,075,965	2,902,146	3,213,288	3,376,316
<b>For the year ended 31 December</b>						
Revenue	5,949,472	6,992,032	16,669,953	16,864,353	17,101,014	8,570,868
Profit (loss) for the year	(413,211)	(249,762)	801,621	548,191	762,600	553,552
Other comprehensive income for the year	5,766	(14,197)	(10,916)	(47,807)	(15,356)	(12,589)
<b>Total comprehensive income for the year</b>	<b>(407,445)</b>	<b>(263,959)</b>	<b>790,705</b>	<b>500,384</b>	<b>747,244</b>	<b>540,963</b>
Profit (loss) for the year:						
- Attributable to owners of the parent	(287,512)	(173,784)	561,135	383,734	421,260	305,324
- Attributable to non-controlling interest	(125,699)	(75,978)	240,486	164,457	341,340	248,228
Other comprehensive income for the year:						
- Attributable to owners of the parent	4,012	(9,878)	(7,641)	(33,465)	(8,483)	(6,936)
- Attributable to non-controlling interest	1,754	(4,319)	(3,275)	(14,342)	(6,873)	(5,653)
	<b>(407,445)</b>	<b>(263,959)</b>	<b>790,705</b>	<b>500,384</b>	<b>747,244</b>	<b>540,963</b>
Cash flows from operating activities	251,001	445,662	1,305,523	1,494,862	971,679	(2,955,508)
Cash flows from investing activities	621,282	439,060	(4,276,564)	(1,213,413)	(1,640,814)	(903,683)
Cash flows from financing activities	(1,047,568)	(795,387)	2,978,127	(292,976)	671,376	3,786,729
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(175,285)</b>	<b>89,335</b>	<b>7,086</b>	<b>(11,527)</b>	<b>2,241</b>	<b>(72,462)</b>
<b>Dividends to non-controlling interest</b>	<b>29,920</b>	<b>66,630</b>	<b>62,280</b>	<b>41,520</b>	<b>446,045</b>	-

\* Income statement for the period during July - December 2019.

**SCG Packaging Public Company Limited and its Subsidiaries**  
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**22 Business segment information**

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

***Business segments***

The Group comprises the following main business segments:

<i>Integrated Packaging Chain</i>	Comprise of fiber-based packaging such as corrugated containers, retail display packaging, and grocery and industrial bags, packaging paper, and performance and polymer packaging (flexible packaging and rigid packaging)
<i>Fibrous Chain</i>	Comprise of foodservice products, pulp and paper products comprising mainly printing and writing paper, and pulp
<i>Other</i>	Holding company

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

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*Information relating to business segments for years ended 31 December was as follows:*

	Integrated Packaging Chain		Fibrous Chain		Other		Intersegment Elimination		Consolidated SCGP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(in thousand Baht)									
Information from statement of financial position										
Current assets	33,741,848	29,893,363	4,891,681	5,881,566	58,028,265	34,339,430	(33,742,877)	(34,731,036)	62,918,917	35,383,323
Investments in associates	-	-	392,945	340,523	429,675	430,231	-	-	822,620	770,754
Long-term investments	813,110	823,150	-	477	34,447,438	34,447,438	(35,254,396)	(35,254,396)	6,152	16,669
Property, plant and equipment	68,705,641	63,651,687	18,774,437	18,739,416	324,220	213,341	(533,011)	259,123	87,271,287	82,863,567
Others non-current assets	19,932,159	19,324,145	1,229,407	982,059	509,216	430,603	(260,878)	(258,075)	21,409,904	20,478,732
Total assets	123,192,758	113,692,345	25,288,470	25,944,041	93,738,814	69,861,043	(69,791,162)	(69,984,384)	172,428,880	139,513,045
Short-term borrowings	40,111,534	41,463,749	1,465,130	1,961,047	23,435,242	33,907,033	(33,202,759)	(34,101,688)	31,809,147	43,230,141
Other current liabilities	10,106,365	9,418,073	1,569,240	1,728,494	304,929	266,581	(552,996)	(629,245)	11,427,538	10,783,903
Long-term borrowings	7,639,235	3,987,801	1,185,393	365,961	5,093,582	12,000,000	(799,750)	-	13,118,460	16,353,762
Other non-current liabilities	5,204,726	5,318,259	635,544	704,891	392,683	306,094	-	-	6,232,953	6,329,244
Total liabilities	63,061,860	60,187,882	4,855,307	4,760,393	29,226,436	46,479,708	(34,555,505)	(34,730,933)	62,588,098	76,697,050
Shareholders' equity	60,130,898	53,504,463	20,433,163	21,183,648	64,512,378	23,381,335	(35,235,657)	(35,253,451)	109,840,782	62,815,995
Total liabilities and shareholders' equity	123,192,758	113,692,345	25,288,470	25,944,041	93,738,814	69,861,043	(69,791,162)	(69,984,384)	172,428,880	139,513,045
Supplementary information										
Increase in non-current assets	10,302,426	46,397,758	777,140	842,790	121,600	32,376	-	-	11,201,166	47,272,924

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	Integrated Packaging Chain		Fibrous Chain		Other		Intersegment Elimination		Consolidated SCGP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>(in thousand Baht)</i>										
<b>Information from income statement</b>										
Revenue from sales										
External customers	78,902,697	71,625,219	13,883,271	17,444,648	-	-	-	-	92,785,968	89,069,867
Intersegment	272,241	380,587	1,564,325	1,349,383	-	-	(1,836,566)	(1,729,970)	-	-
Total revenue from sales	79,174,938	72,005,806	15,447,596	18,794,031	-	-	(1,836,566)	(1,729,970)	92,785,968	89,069,867
Cost of sales	(61,007,890)	(56,245,390)	(14,422,014)	(17,483,358)	-	-	2,097,312	2,077,403	(73,332,592)	(71,651,345)
Gross profit	18,167,048	15,760,416	1,025,582	1,310,673	-	-	260,746	347,433	19,453,376	17,418,522
Other income	653,473	1,036,104	133,469	223,639	4,997,217	4,120,961	(5,181,794)	(4,416,878)	602,365	963,826
Profit before expenses	18,820,521	16,796,520	1,159,051	1,534,312	4,997,217	4,120,961	(4,921,048)	(4,069,445)	20,055,741	18,382,348
Operating expenses	(8,401,323)	(7,600,011)	(1,897,789)	(2,080,158)	(1,807,798)	(1,631,573)	1,744,189	1,558,403	(10,362,721)	(9,753,339)
Profit (loss) before finance cost and income tax	10,419,198	9,196,509	(738,738)	(545,846)	3,189,419	2,489,388	(3,176,859)	(2,511,042)	9,693,020	8,629,009
Finance cost	(1,346,227)	(1,359,196)	(77,676)	(83,148)	(818,922)	(1,266,288)	790,944	967,203	(1,451,881)	(1,741,429)
Profit (loss) before income tax	9,072,971	7,837,313	(816,414)	(628,994)	2,370,497	1,223,100	(2,385,915)	(1,543,839)	8,241,139	6,887,580
Tax income (expense)	(1,102,030)	(1,222,821)	94,527	155,075	10,268	22,548	(4,370)	(3,850)	(1,001,605)	(1,049,048)
Profit (loss) after income tax	7,970,941	6,614,492	(721,887)	(473,919)	2,380,765	1,245,648	(2,390,285)	(1,547,689)	7,239,534	5,838,532
Share of profit of associates accounted for using equity method	-	-	59,561	39,485	6,823	13,243	-	-	66,384	52,728
<b>Profit (loss) for the year</b>	<b>7,970,941</b>	<b>6,614,492</b>	<b>(662,326)</b>	<b>(434,434)</b>	<b>2,387,588</b>	<b>1,258,891</b>	<b>(2,390,285)</b>	<b>(1,547,689)</b>	<b>7,305,918</b>	<b>5,891,260</b>

Revenue from sales of integrated packaging chain's proportion is 85% of the total revenue from sales including packaging paper 52%, fiber-based packaging 26%, and performance and polymer packaging 7%.

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	Integrated Packaging Chain		Fibrous Chain		Other		Intersegment Elimination		Consolidated SCGP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>									
Profit (loss) attributable to:										
<b>Owners of the parent</b>	<b>7,200,544</b>	<b>6,152,564</b>	<b>(655,082)</b>	<b>(429,430)</b>	<b>2,387,588</b>	<b>1,258,891</b>	<b>(2,475,575)</b>	<b>(1,713,514)</b>	<b>6,457,475</b>	<b>5,268,511</b>
Non-controlling interests	770,397	461,928	(7,244)	(5,004)	-	-	85,290	165,825	848,443	622,749
	<b>7,970,941</b>	<b>6,614,492</b>	<b>(662,326)</b>	<b>(434,434)</b>	<b>2,387,588</b>	<b>1,258,891</b>	<b>(2,390,285)</b>	<b>(1,547,689)</b>	<b>7,305,918</b>	<b>5,891,260</b>
Interest income	185,069	102,149	2,039	2,709	785,509	966,877	(755,248)	(966,848)	217,369	104,887
Depreciation and amortization	5,369,624	4,355,649	1,765,602	1,603,528	80,355	40,535	(32,404)	(8,939)	7,183,177	5,990,773
Other non-monetary items:										
- Loss on inventories devaluation										
(reversal)	7,212	8,867	(41,802)	84,574	-	-	-	-	(34,590)	93,441
- Loss on impairment of assets	-	36,623	-	-	-	-	-	-	-	36,623

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*Geographical segment*

The Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets based on geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

*Geographical segment information*

	Revenue from sales		Non-current assets	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Thailand	47,961,357	50,800,749	56,276,421	55,042,618
Indonesia	13,106,956	8,594,958	36,976,381	36,821,744
Vietnam	10,689,361	10,543,127	7,716,954	6,618,906
China	9,640,829	5,690,117	-	-
Philippines	2,917,569	3,447,985	4,627,891	1,899,849
Others	8,469,896	9,992,931	1,254,064	1,094,148
<b>Total</b>	<b>92,785,968</b>	<b>89,069,867</b>	<b>106,851,711</b>	<b>101,477,265</b>

*Major customer*

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

**23 Distribution costs**

	2020	2019
	<i>(in thousand Baht)</i>	
Freight and commission expenses	3,480,445	3,090,286
Salary, welfare and employee expenses	825,363	797,842
Custom, insurance expense and intellectual properties fees	361,297	334,694
Sales promotion and advertising expenses	150,097	223,947
Rent, depreciation and amortization	85,020	94,034
Others	246,555	259,804
<b>Total</b>	<b>5,148,777</b>	<b>4,800,607</b>

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**24 Administrative expenses**

	2020	2019
	<i>(in thousand Baht)</i>	
Salary, welfare and employee expenses	2,715,716	2,451,551
Professional and consultant fees	716,178	577,981
Service expenses	326,904	344,270
Rent, depreciation and amortization	312,445	281,932
IT fees	304,321	298,308
Idle costs	43,186	68,287
Others	572,986	403,035
<b>Total</b>	<b>4,991,736</b>	<b>4,425,364</b>

**25 Employee benefit expenses**

	2020	2019
	<i>(in thousand Baht)</i>	
Salaries and wages	8,531,895	7,811,125
Welfares and others	1,020,842	922,963
Contribution to defined contribution plans	457,436	449,068
Contribution to defined benefit plans	352,135	291,233
Early retirement expenses	240,296	23,705
Employee benefit expense from the amended severance pay of the Labor Law	-	527,368
<b>Total</b>	<b>10,602,604</b>	<b>10,025,462</b>

The Group has provident fund plans to provide retirement and gratuity benefits to employees upon resignation at 5% to 10% of the employee's salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.



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**26 Finance cost**

	2020	2019
	<i>(in thousand Baht)</i>	
Interest - Thai Baht loans	854,458	1,304,689
Interest - Foreign loans	528,200	345,806
Others	69,223	90,934
<b>Total</b>	<b>1,451,881</b>	<b>1,741,429</b>

**27 Income tax**

*Income tax recognized in profit or loss*

	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Current tax</b>			
Current tax expense		1,699,728	1,383,451
Under (over) provided in prior years		24,394	(11,211)
		<b>1,724,122</b>	<b>1,372,240</b>
<b>Deferred tax</b>			
Movements in temporary differences	14	(722,517)	(323,192)
<b>Total</b>		<b>1,001,605</b>	<b>1,049,048</b>

*Income tax recognized in other comprehensive income*

	2020	2019
	<i>(in thousand Baht)</i>	
Actuarial losses	(34,478)	(38,683)
<b>Total</b>	<b>(34,478)</b>	<b>(38,683)</b>

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***Reconciliation of effective tax rate***

For the years ended 31 December 2020 and 2019, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exemption from payment of corporate income tax on the net profit derived from the promoted business.

	Rate	2020 (in thousand Baht)	Rate	2019 (in thousand Baht)
	(%)		(%)	
Profit before income tax expense		8,307,523		6,940,308
Share of profit of associates		(66,384)		(52,728)
		<u>8,241,139</u>		<u>6,887,580</u>
Income tax using the Thai corporation tax rate	20	1,648,228	20	1,377,516
Effect of different tax rates in foreign jurisdictions		51,635		64,825
Income not subject to tax		(97,761)		(44,567)
Tax privileges		(237,692)		(408,357)
Expenses deductible at a greater amount		(177,332)		(55,233)
Expenses not deductible for tax purposes and others		98,754		182,192
Tax losses increase		413,896		267,075
<b>Current tax expense</b>		<b><u>1,699,728</u></b>		<b><u>1,383,451</u></b>
Under (over) provided in prior years		24,394		(11,211)
Movement in temporary differences		(722,517)		(323,192)
<b>Income tax expense</b>	<b>12</b>	<b><u>1,001,605</u></b>	<b>15</b>	<b><u>1,049,048</u></b>

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**28 Promotional privileges**

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group was granted the following privileges.

	Exemption from corporate income tax for 8 years from	50% Deduction of normal corporate income tax for 5 years from
<b>Thai Containers Rayong Co., Ltd.</b>		
Manufacture of corrugated paper and cartons	4 January 2009	4 January 2017
<b>Visy Packaging (Thailand) Limited</b>		
Manufacture of plastics sheet and plastics product	23 September 2009	23 September 2017
Manufacture of plastic containers	18 July 2013	18 July 2021
Manufacture of plastic containers	4 July 2014	4 July 2022
Manufacture of plastic containers	29 August 2015	29 August 2023
Manufacture of plastics sheet and plastics product	6 July 2018	6 July 2026
		50% Deduction of normal corporate income tax for 3 years from
<b>Thai Containers Group Co., Ltd.</b>		
Manufacture of corrugated paper (Chonburi)		4 September 2018
Manufacture of corrugated paper (Prachinburi)		4 September 2018
Manufacture of corrugated paper (Samut Prakan)		21 August 2019
<b>Thai Containers Khonkaen Co., Ltd.</b>		
Manufacture of corrugated paper and cartons		21 August 2019
		Exemption from corporate income tax for 8 years from
<b>Phoenix Utilities Co., Ltd.</b>		
Manufacture of electricity and steam		1 April 2011
<b>The Siam Forestry Co., Ltd.</b>		
Eucalyptus forest plantation		19 June 2013
<b>Siam Kraft Industry Co., Ltd.</b>		
Manufacture of kraft paper		17 March 2011
Manufacture of kraft paper		21 September 2011

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	Exemption from corporate income tax for 8 years from
<b>Thai Cane Paper Public Company Limited</b>	
Manufacture of kraft paper	21 May 2013
Manufacture of kraft paper	21 February 2014
<b>SCG Paper Energy Co., Ltd.</b>	
Power management	1 November 2017
Electricity production	19 October 2018
Electricity production	4 June 2019
Electricity production	17 March 2020
Electricity production	17 June 2020
<b>Thai Containers Group Co., Ltd.</b>	
Manufacture of corrugated paper	3 October 2011
Manufacture of corrugated paper	1 October 2012
Manufacture of corrugated paper	9 June 2017
<b>Precision Print Co., Ltd.</b>	
Manufacture of printing	10 August 2015
	Exemption from corporate income tax for 5 years from
<b>Thai Paper Co., Ltd.</b>	
Manufacture of glassine paper	11 April 2017
<b>Prepack Thailand Co., Ltd.</b>	
Manufacture of printing	7 March 2016
	Exemption from corporate income tax for 3 years from
<b>Phoenix Pulp &amp; Paper Public Company Limited</b>	
Manufacture of pulp	22 July 2017
Manufacture of hygienic food packaging	22 March 2018
<b>Thai Paper Co., Ltd.</b>	
Manufacture of pulp	17 February 2016
Manufacture of hygienic food packaging	3 November 2016
Manufacture of hygienic food packaging	2 March 2018

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Vina Kraft Paper Co., Ltd. also obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 15% of taxable profits for the first 12 years starting from the first year of operation, and exemption from corporate income tax for 3 years from the year that profit is first reported and 50% deduction of the said corporate income tax for 7 years thereafter.

Vina Kraft Paper Co., Ltd. also obtained privileges from a government agency in Vietnam for Expanding capacity project No.2 to pay income tax at a reduced rate of 10% of taxable profits for the first 6 years starting from the first year of operation, and exemption from corporate income tax for 2 years from the year that profit is first reported.

New Asia Industries Co., Ltd. also obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 15% of taxable profits until 2021.

Alcamax Packaging (Vietnam) Co., Ltd. also obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 15% of taxable profits until 2027.

AP Packaging (Hanoi) Co., Ltd. also obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 10% of taxable profits until 2052.

Tin Thanh Packing Joint Stock Company also obtained privileges from a government agency in Vietnam to pay income tax for investment of new plant expansion at a reduced rate of 0% of taxable profits in 2020 to 2021 and 10% of taxable profits in 2022 to 2025.

As promoted companies, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.

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**29 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December was based on the profit for the years attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the years, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the stock split and distribution of stock dividend disclosed in note 19 and 30. The number of ordinary shares used in the calculation are adjusted as if such change had occurred at the beginning of the earliest reporting period as follows:

	2020	2019
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the year attributable to ordinary shareholders of the Company	6,457,475	5,268,511
Weighted average number of ordinary shares outstanding at 1 January	3,126,000	156,300
Effect of shares issued on 19 October 2020	187,925	-
Effect of shares issued on 25 November 2020	3,281	-
Effect of reduction in par value	-	1,406,700
Effect of stock dividend	-	1,563,000
<b>Weighted average number of ordinary shares outstanding at 31 December</b>	<b>3,317,206</b>	<b>3,126,000</b>
<b>Basic earnings per share <i>(in Baht)</i></b>	<b>1.95</b>	<b>1.69</b>

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**30 Dividends**

The dividends paid by the Company to the shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2020</i>				
Annual dividend 2019	24 March 2020	23 April 2020	0.42	1,313
<b>Total</b>			<b>0.42</b>	<b>1,313</b>
<i>2019</i>				
Annual dividend 2018	26 March 2019	25 April 2019	10.00	1,563
Interim dividend 2019	25 November 2019	6 December 2019	1.11111111	1,737
<b>Total</b>			<b>11.11111111</b>	<b>3,300</b>

On 25 November 2019, at the Extra ordinary general meeting of shareholders of the Company, they passed resolution to approve the interim dividend payment, detail are as follows;

1. Pay dividend by ordinary shares of 1,563 million shares at par value of Baht 1 per share, in the ratio of 1 current share per 1 dividend share.
2. Pay dividend by cash at Baht 0.11111111 per share, totaling Baht 174 million.

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**31 Financial instruments**

**(a) Carrying amounts and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value	
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost  (in thousand Baht)	Total	Level 2	Level 3
<b>Balance at 31 December 2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	31,255,702	31,255,702		
Short-term investments - deposit at financial institutions	-	-	1,629,897	1,629,897		
Trade receivables	-	-	14,412,211	14,412,211		
Investment in equity instruments	-	6,152	-	6,152	-	6,152
Derivatives assets	26,830	-	-	26,830	26,830	-
<b>Total financial assets</b>	<b>26,830</b>	<b>6,152</b>	<b>47,297,810</b>	<b>47,330,792</b>		
<b>Financial liabilities</b>						
Bank overdrafts and borrowings from financial institutions	-	-	43,433,857	43,433,857		
Trade payables	-	-	7,702,501	7,702,501		
Lease liabilities	-	-	1,493,750	1,493,750		
Derivatives liabilities	231,648	-	-	231,648	231,648	-
<b>Total financial liabilities</b>	<b>231,648</b>	<b>-</b>	<b>52,630,108</b>	<b>52,861,756</b>		



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Disclosure of the fair value of financial assets and liabilities applicable before 1 January 2020

	Carrying Amount	Fair Value Level 2
	<i>(in thousand Baht)</i>	
<b>Balance at 31 December 2019</b>		
<b><i>Financial assets and liabilities</i></b>		
Forward exchange contract		
Forward receivable	-	(10,930)
Forward payable	-	(40,166)

**Financial instruments measured at fair value**

The fair values of forward exchange contracts and commodity contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts.

The Group determined Level 3 fair values for investments in equity instruments which is not actively traded in market. The fair value of the investment was then determined using a valuation technique that used significantly unobservable input such as the latest reporting net assets adjusted by relevant factors because the shares were not listed on Stock Exchange, and there were no recent observable arm's length transactions in the shares.

**(b) *Financial risk management policies***

***Risk management framework***

The Group's management has responsibility to establish policies, financial risk management and exchange rate in term of capital expenditure, investment, loan, deposit and international trade transaction. This also includes establishing policies and monitoring financial derivative and cash management for efficiency of the Group's financial operation under appropriate risk and in same direction with the Group. Policies are appropriately reviewed to the changing situation. The Group's management monitors the financial status and constantly prepares the report to management regularly.

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**(1) Credit risk**

Credit risk is the risk of Group's financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

**(1.1) Cash and cash equivalent and derivatives**

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with high credibility, for which the Group considers to have low credit risk.

**(1.2) Trade accounts receivables and contract assets**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Any sales exceeding those limits was required approval.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables

	<i>Note</i>	2020 <i>(in thousand Baht)</i>	2019
<b><i>Trade receivables</i></b>			
Related parties	6	<b>692,942</b>	<b>573,116</b>
Other companies		13,886,511	13,212,970
Less allowance for expected credit loss		(167,242)	(156,835)
<b>Net</b>		<b><u>13,719,269</u></b>	<b><u>13,056,135</u></b>
		<b><u>14,412,211</u></b>	<b><u>13,629,251</u></b>
<b><i>For the year ended 31 December</i></b>			
Expected credit loss (reversal)		(7,400)	28,492

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	2020	2019
	<i>(in thousand Baht)</i>	
<b>Trade receivables</b>		
<b>Related parties</b>		
Within credit terms	687,269	557,819
Overdue:		
Less than 1 month	5,324	5,013
1 - 3 months	58	10,274
Over 3 - 12 months	291	10
<b>Total</b>	<b>692,942</b>	<b>573,116</b>
<b>Other companies</b>		
Within credit terms	12,550,667	11,580,062
Overdue:		
Less than 1 month	959,151	1,114,622
1 - 3 months	161,593	329,675
Over 3 - 12 months	46,148	44,188
Over 12 months	168,952	144,423
	<b>13,886,511</b>	<b>13,212,970</b>
Less allowance for expected credit loss	(167,242)	(156,835)
<b>Net</b>	<b>13,719,269</b>	<b>13,056,135</b>
<b>Total</b>	<b>14,412,211</b>	<b>13,629,251</b>

Loss rates are based on actual credit loss experience over the past three years, current economics condition and the Group's view of economic conditions over the expected lives of the receivables.

The normal credit term granted by the Group is 30 - 90 days.

***Movement of allowance for expected credit loss of trade accounts receivables***

	Note	<i>(in thousand Baht)</i>
<b>At 31 December 2019 - as reported</b>		<b>156,835</b>
Impact of changes in accounting policies	3(b)	13,132
<b>At 1 January 2020</b>		<b>169,967</b>
Addition		8,312
Reversal		(11,151)
Write-off		(2,274)
The effect of changes in foreign exchange rates		2,388
<b>At 31 December 2020</b>		<b>167,242</b>

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**(2) Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
2020					
Current					
Bank overdraft and short-term borrowings from financial institutions	MMR plus (0.60 - 1.15 , 2.53) Cost of fund plus (0.55 - 2.00, 5.00) LIBOR plus (0.75 - 1.50) JIBOR plus (0.75 - 1.50) 1.00 - 5.62	15,080	-	-	15,080
Long-term borrowings from financial institutions	MLR minus (2.00 - 2.75) Cost of fund plus (0.65 , 1.75) LIBOR plus (1.25 - 1.75) VNIBOR plus (0.50) JIBOR plus (1.15) 2.00 - 3.00, 10.90	16,302	-	-	16,302
Lease liabilities	1.80 - 15.00	470	-	-	470
Non-current					
Long-term borrowings from financial institutions	MLR minus (2.00 - 2.75) Cost of fund plus (0.60 - 0.65, 1.75) LIBOR plus (1.25 - 1.75) VNIBOR plus (0.50) JIBOR plus (1.15) 2.25, 4.90, 10.90	-	10,456	1,596	12,052
Lease liabilities	1.80 - 15.00	-	782	725	1,507
Total		31,852	11,238	2,321	45,411
Less Deferred Interest - lease liabilities					(483)
Net					44,928

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	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2019</b>					
<b>Current</b>					
Bank overdraft and short-term borrowings from financial institutions	MMR, MLR minus 0.50 Cost of fund plus (0.50-2.00) LIBOR plus (1.25-3.00) 1.28 - 9.50	7,132	-	-	7,132
Short-term borrowings from related parties	3.50 - 8.70	33,827	-	-	33,827
Long-term borrowings from financial institutions	MLR minus 2.75 Cost of fund plus (0.65-0.67, 3.78) LIBOR 3 - 6 months plus (1.20 - 3.75) VNIBOR plus 0.50 JIBOR plus 4.40 4.35 - 10.90	2,184	-	-	2,184
Finance lease liabilities	3.78, 7.00, 10.25 -15.00, 21.60	88			88
<b>Non-current</b>					
Long-term borrowings from financial institutions	MLR minus 2.75 Cost of fund plus (0.65 - 0.67, 3.78) LIBOR 3-6 months plus (1.20 - 3.75) VNIBOR plus 0.50 JIBOR plus 4.40 1.75 - 10.90	-	15,597	721	16,318
Finance lease liabilities	3.78, 7.00, 10.25 -15.00, 21.60	-	35	-	35
<b>Total</b>		<b>43,231</b>	<b>15,632</b>	<b>721</b>	<b>59,584</b>

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**(3) Market risk**

The Group is exposed to risks from changes in interest rates and currency exchange. The Group does not hold or issue derivatives for speculative or trading purposes.

**(3.1) Foreign currency risk**

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Group is exposed to foreign exchange risk arises from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies. The Group manage that risk by entering forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December 2020, the Group's exposure to foreign currency risk from foreign currency assets and liabilities are as follows;

	US dollar (in thousand Baht)
Trade and other current receivables	848,035
Interest-bearing liabilities	(5,590,005)
Trade and other current payables	(2,413,822)
<b>Net statement of financial position exposure</b>	<b>(7,155,792)</b>
Currency swaps contracts	
Forward exchange selling contracts	(1,612,977)
Forward exchange buying contracts	2,900,556
<b>Net exposure</b>	<b>(5,868,213)</b>

*Cross currency swap*

The Group has entered into cross currency swap contracts with a foreign bank to hedge against the risk arisen from payment on long-term loan of US dollar 75 million or equivalent to approximately Baht 2,260 million, whereby exchanging currency from US dollar to functional currency. These contracts will be due within January 2027.

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*Sensitivity analysis*

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant and ignores any impact of forecast sales and purchases.

<i>At 31 December 2020</i>	Movement	Profit or loss	
		Strengthening	Weakening
	%	<i>(in thousand baht)</i>	
US dollar	1	(57,053)	57,053

As at 31 December 2019, the Group has forward exchange purchase contract of baht 1,788 million and forward exchange selling contract of Baht 1,759 million, mostly closing risk in US dollar.

(3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows certainty. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivatives, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

***Exposure to interest rate risk at 31 December 2020***

	<i>(in thousand Baht)</i>
<b><i>Financial instruments with variable interest rates</i></b>	
Financial assets	2,089
Financial liabilities	(23,391,718)
	<b>(23,389,629)</b>
Interest rate swaps	2,259,727
	<b>(21,129,902)</b>

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*Interest rate swap contract*

The Group has entered into interest rate swap contracts with a foreign bank to hedge against the risk of interest on long-term loans of US dollar 75 million or equivalent to approximately Baht 2,260 million, whereby exchanging floating interest rates based on LIBOR with fixed interest rates at 0.27% per year. These contracts will be due within January 2027.

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonable possible change of 1% in interest rates at the reporting date would have profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	1% increase in interest rate	1% decrease in interest rate
<i>At 31 December 2020</i>	<i>(in thousand baht)</i>	
Financial instruments with variable interest rate	(225,840)	225,840
Interest rate swaps	22,597	(22,597)
<b>Cash flow sensitivity (net)</b>	<b>(203,243)</b>	<b>203,243</b>



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**32 Commitments and contingent liabilities**

As at 31 December, the Group had:

- (a) The purchase and installation of machinery and equipment of Baht 2,909 million (2019: Baht 4,571 million).
- (b) The purchase of raw material of Baht 856 million (2019: Baht 648 million).
- (c) Contingent liability for letter of guarantees issued by local banks for the Group to government organizations of Baht 81 million (2019: Baht 85 million).
- (d) Contingent liability for borrowings guarantees issued by a local bank for the Group to associate which limit is not exceed Baht 198 million (2019: Baht 264 million).
- (e) A subsidiary has entered into agreements with foreign company for the delivery and loading of Woodchips to Vessel. The subsidiary is committed to sell and deliver the Woodchips in volume equivalent to approximately 48,000 BDMT per year. The agreement period is for 12 years with the commencement date in December 2034.
- (f) A subsidiary has entered into agreements with local company for provide Biofuel to delivery point. The subsidiary is committed to sell and deliver the Biofuel in volume equivalent to approximately 73,000 tons per year. The agreement period is for 25 years with the commencement date in August 2037.

**33 Capital management**

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

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**34 Events after the reporting period**

- (a) As disclosed in note 2(c), the Group has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020. The Group recognized the effect of the end of accounting relief measures since 1 January 2021 which is no material impact on the Group's financial performance and position.
- (b) On 2 November 2020, the Company has signed a share purchase agreement to acquire a 100% stake in Go-Pak UK Limited ("Go-Pak"), one of leading foodservice packaging solution providers in the UK, Europe and North America. On 13 January 2021, the business acquisition is completed. This purchase will be through SCGP Solutions (Singapore) Pte. Ltd. which is a wholly owned subsidiary of the Group. The payment is initiated by the first payment of GBP 77.5 million (approximately Baht 3,180 million). The remaining payments will be based on Go-Pak's incremental financial performance, which will range from GBP 30 million to no more than the total of GBP 56 million (approximately Baht 1,230 to 2,300 million).

This acquisition of Go-Pak is an expansion of the Group's foodservice packaging. The Group will consolidate assets, liabilities and operating results in January 2021 onwards.

- (c) On 26 January 2021, at the Board of Directors' Meeting of the Company, the directors proposed for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2020 at the rate of Baht 0.45 per share, amounting to Baht 1,932 million and is scheduled for payment on 22 April 2021. The dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2021.
- (d) On 1 February 2021, the Company invested in a mutual fund with an asset management company amounting to Baht 12,000 million with an average return of approximately 1% per year and holding period of approximately 1 year.
- (e) The Company is in the process of submitting an application to the Securities and Exchange Commission for the issuance and offering of the debentures No. 1/2021 which will be due in 2024 (SCGP24DA) with offering value not exceeding Baht 5,000 million and additional debentures up to Baht 500 million, with a term of 3 years and 8 months at a fixed interest rate of 2.65% per annum. The company will issue the debentures on 1 April 2021 and maturity on 1 December 2024. The issuance and offering of debentures is in accordance with the resolution of the Board of Directors' Meeting on 1 December 2020, under the Company's debenture scheme in 2021, with the total amount not exceeding Baht 40,000 million at any given moment.

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- (f) On 9 February 2021, the Company signed a share purchase agreement to acquire 70% stake in Duy Tan Plastics Manufacturing Corporation (or “Duy Tan”). The purchase will be through the Company’s wholly owned new subsidiary, and further transaction detail will be provided in mid of 2021, upon the deal closing and regulatory approval in Vietnam. The remaining 30% share will be held by its existing owners, who will continue to actively support and help manage Duy Tan together with management from the company.

**35 Reclassification of accounts**

Certain accounts in consolidated income statement as at 31 December 2019 have been reclassified to conform to the presentation in the 2020 consolidated financial statements:

	Before reclass	Reclass (in thousand Baht)	After reclass
<b><i>Consolidated income statement for the year ended</i></b>			
<b><i>31 December 2019</i></b>			
Gain from exchange rate	127,474	122,612	250,086
Finance cost	(1,618,817)	(122,612)	(1,741,429)

**36 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective**

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2021 and have not been adopted in the preparation of these consolidated financial statements because they are not yet effective. The Group has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.