

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

Interim consolidated financial statements
and
Interim financial statements
for the three-month and six-month periods ended
30 June 2021
and
Independent auditor's report
on review of interim financial information

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To the Board of Directors of SCG Packaging Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of SCG Packaging Public Company Limited and its subsidiaries as at 30 June 2021; the consolidated income statement and statement of comprehensive income for the three-month and six-month periods ended 30 June 2021, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2021; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Thanyalux Keadkeaw)
Certified Public Accountant
Registration No. 8179

KPMG Phoomchai Audit Ltd.
Bangkok
10 August 2021

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2021

Assets	<i>Note</i>	30 June 2021 (Unaudited)	31 December 2020
<i>(in thousand Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents		14,407,922	31,255,702
Investments in short-term debt instruments	11	15,454,441	1,629,897
Trade and other current receivables	4, 5	21,273,854	16,334,040
Advance payment for assets		449,742	806,887
Inventories		18,068,703	12,760,100
Other current assets		173,991	132,291
Total current assets		69,828,653	62,918,917
<i>Non-current assets</i>			
Investments in equity instruments	11	8,504	6,152
Investments in associates	6	853,927	822,620
Other non-current receivables		661,615	603,334
Investment property		141,289	144,183
Property, plant and equipment		89,184,594	87,271,287
Goodwill	3	21,758,939	18,623,670
Other intangible assets	3	3,194,954	812,571
Deferred tax assets		1,011,679	971,601
Others non-current assets		417,230	254,545
Total non-current assets		117,232,731	109,509,963
Total assets		187,061,384	172,428,880

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2021

Liabilities and shareholders' equity	Note	30 June 2021 (Unaudited)	31 December 2020
<i>(in thousand Baht)</i>			
Current liabilities			
Bank overdrafts and short-term borrowings			
from financial institutions	8	24,497,372	15,080,050
Trade and other current payables	4	13,190,397	10,365,118
Current portion of long-term borrowings			
from financial institutions	8	4,502,550	16,302,161
Current portion of lease liabilities	4, 8	384,806	426,936
Corporate income tax payable		1,162,013	887,582
Other current liabilities	3	1,581,610	174,838
Total current liabilities		45,318,748	43,236,685
Non-current liabilities			
Long-term borrowings from financial institutions	8	11,467,656	12,051,646
Lease liabilities	4, 8	1,415,902	1,066,814
Debentures	8	5,491,859	-
Deferred tax liabilities		2,958,759	2,403,658
Non-current provisions for employee benefits		3,786,494	3,598,083
Other non-current liabilities	3	1,229,236	231,212
Total non-current liabilities		26,349,906	19,351,413
Total liabilities		71,668,654	62,588,098

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 30 June 2021

Liabilities and shareholders' equity	30 June 2021 (Unaudited)	31 December 2020
	<i>(in thousand Baht)</i>	
Shareholders' equity		
Share capital		
<i>Authorized share capital</i>		
<i>(4,500 million ordinary shares,</i>		
<i>par value at Baht 1 per share)</i>	4,500,000	4,500,000
<i>Issued and paid share capital</i>		
<i>(4,293 million ordinary shares,</i>		
<i>par value at Baht 1 per share)</i>	4,292,920	4,292,920
Share premium	40,860,245	40,860,245
Other deficits	(448,444)	(448,444)
Retained earnings		
<i>Appropriated</i>		
Legal reserve	337,700	337,700
General reserve	3,000	3,000
<i>Unappropriated</i>	49,301,378	46,836,323
Other components of shareholders' equity	(1,198,240)	(3,143,927)
Total equity attributable to owners of the parent	93,148,559	88,737,817
Non-controlling interests	22,244,171	21,102,965
Total shareholders' equity	115,392,730	109,840,782
Total liabilities and shareholders' equity	187,061,384	172,428,880

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated income statement

For the three-month period ended 30 June 2021 (Unaudited)

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Revenue from sales	4, 9	29,894,805	21,635,366
Cost of sales	4	(23,747,824)	(17,027,075)
Gross profit		6,146,981	4,608,291
Gain on exchange rate		165,095	1,199,737
Other income	4	242,119	91,790
Profit before expenses		6,554,195	5,899,818
Distribution costs		(1,516,369)	(1,196,473)
Administrative expenses	4	(1,405,494)	(1,406,717)
Total expenses		(2,921,863)	(2,603,190)
Profit from operations		3,632,332	3,296,628
Finance costs		(306,945)	(363,108)
Share of profit of associates			
accounted for using equity method	6	7,079	11,818
Profit before income tax		3,332,466	2,945,338
Tax expense		(619,504)	(459,341)
Profit for the period		2,712,962	2,485,997
Profit attributable to			
Owners of the parent		2,263,261	1,904,216
Non-controlling interests		449,701	581,781
		<u>2,712,962</u>	<u>2,485,997</u>
Basic earnings per share (in Baht)			
Attributable to owners of the parent		0.53	0.61

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of comprehensive income

For the three-month period ended 30 June 2021 (Unaudited)

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Profit for the period		2,712,962	2,485,997
Other comprehensive income			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Exchange differences on translating financial statement		1,240,323	1,439,316
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Loss on investments in equity instruments			
measured at fair value		(130)	-
Gain on remeasurements of defined benefit plans		15,891	356
Share of other comprehensive income of associates			
accounted for using equity method	6	7,151	-
Income tax relating to components of other			
comprehensive income that will not be			
reclassified to profit or loss		(4,030)	(313)
Total components of other comprehensive income		18,882	43
Other comprehensive income for the period, net of tax		1,259,205	1,439,359
Total comprehensive income for the period		3,972,167	3,925,356
Total comprehensive income attributable to			
Owners of the parent		3,302,525	2,587,914
Non-controlling interests		669,642	1,337,442
		3,972,167	3,925,356

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated income statement

For the six-month period ended 30 June 2021 (Unaudited)

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Revenue from sales	4, 9	57,148,150	45,902,810
Cost of sales	4	(44,952,536)	(35,553,577)
Gross profit		12,195,614	10,349,233
Gain on exchange rate		63,530	-
Other income	4	632,283	282,368
Profit before expenses		12,891,427	10,631,601
Distribution costs		(2,922,915)	(2,506,840)
Administrative expenses	4	(2,968,539)	(2,595,984)
Loss on exchange rate		-	(291,004)
Total expenses		(5,891,454)	(5,393,828)
Profit from operations		6,999,973	5,237,773
Finance costs		(567,692)	(845,407)
Share of profit of associates			
accounted for using equity method	6	29,855	37,669
Profit before income tax		6,462,136	4,430,035
Tax expense		(1,178,127)	(231,644)
Profit for the period		5,284,009	4,198,391
Profit attributable to			
Owners of the parent		4,397,992	3,636,340
Non-controlling interests		886,017	562,051
		5,284,009	4,198,391
Basic earnings per share (in Baht)			
Attributable to owners of the parent		1.02	1.16

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of comprehensive income

For the six-month period ended 30 June 2021 (Unaudited)

	Note	2021	2020
		<i>(in thousand Baht)</i>	
Profit for the period		5,284,009	4,198,391
Other comprehensive income			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Exchange differences on translating financial statement		2,546,145	419,789
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Gain on investments in equity instruments			
measured at fair value		1,618	-
Loss on remeasurements of defined benefit plans		(12,564)	(46,578)
Share of other comprehensive income of associates			
accounted for using equity method	6	7,151	-
Income tax relating to components of other			
comprehensive income that will not be			
reclassified to profit or loss		4,955	12,802
Total components of other comprehensive income			
that will not be reclassified to profit or loss		1,160	(33,776)
Other comprehensive income for the period, net of tax		2,547,305	386,013
Total comprehensive income for the period		7,831,314	4,584,404
Total comprehensive income attributable to			
Owners of the parent		6,341,958	3,942,673
Non-controlling interests		1,489,356	641,731
		<u>7,831,314</u>	<u>4,584,404</u>

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2021 (Unaudited)

	Note	Retained earnings					Other components of shareholders' equity							
		Issued and paid share capital	Share premium	Other deficits	Legal reserve	General reserve	Appropriated	Unappropriated	Exchange differences on translating financial statement	Loss on investments in equity instruments measured at fair value	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
(in thousand Baht)														
Balance at 1 January 2020		3,126,000	1,935,000	(1,362,434)	218,600	3,000	41,919,302	(2,897,896)	(7,713)	(2,905,609)	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														
Dividends	10	-	-	-	-	-	(1,312,920)	-	-	-	(1,312,920)	(653,094)	(1,966,014)	
Total contributions by and distributions to owners of the parent		-	-	-	-	-	(1,312,920)	-	-	-	(1,312,920)	(653,094)	(1,966,014)	
Changes in ownership interests in subsidiaries														
Changes that do not result in a loss of control		-	-	-	-	-	-	-	-	-	-	39	39	
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	39	39	
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	-	-	(1,312,920)	-	-	-	(1,312,920)	(653,055)	(1,965,975)	
Comprehensive income for the period														
Profit or loss		-	-	-	-	-	3,636,340	-	-	-	3,636,340	562,051	4,198,391	
Other comprehensive income		-	-	-	-	-	(29,509)	335,842	-	335,842	306,333	79,680	386,013	
Total comprehensive income for the period		-	-	-	-	-	3,606,831	335,842	-	335,842	3,942,673	641,731	4,584,404	
Balance at 30 June 2020		3,126,000	1,935,000	(1,362,434)	218,600	3,000	44,213,213	(2,562,054)	(7,713)	(2,569,767)	45,563,612	19,850,190	65,413,802	

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the six-month period ended 30 June 2021 (Unaudited)

		Retained earnings					Other components of shareholders' equity						
							Loss on						
							Exchange						
							differences on						
							translating						
							financial						
							statement						
							investments in						
							equity						
							instruments						
							measured at						
							fair value						
							Total other						
							components						
							of shareholders'						
							equity						
							attributable to						
							owners of						
							the parent						
							Non-						
							controlling						
							interests						
							Total						
							shareholders'						
							equity						
(in thousand Baht)													
		Issued and paid share capital	Share premium	Other deficits	Legal reserve	General reserve							
	Note												
Balance at 1 January 2021		4,292,920	40,860,245	(448,444)	337,700	3,000	46,836,323	(3,136,214)	(7,713)	(3,143,927)	88,737,817	21,102,965	109,840,782
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners of the parent													
Dividends	10	-	-	-	-	-	(1,931,216)	-	-	-	(1,931,216)	(356,135)	(2,287,351)
Total contributions by and distributions to owners of the parent		-	-	-	-	-	(1,931,216)	-	-	-	(1,931,216)	(356,135)	(2,287,351)
Changes in ownership interests in subsidiaries													
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-	-	-	-	-	7,985	7,985
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	7,985	7,985
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	-	-	(1,931,216)	-	-	-	(1,931,216)	(348,150)	(2,279,366)
Comprehensive income for the period													
Profit or loss		-	-	-	-	-	4,397,992	-	-	-	4,397,992	886,017	5,284,009
Other comprehensive income		-	-	-	-	-	(1,721)	1,944,477	1,210	1,945,687	1,943,966	603,339	2,547,305
Total comprehensive income for the period		-	-	-	-	-	4,396,271	1,944,477	1,210	1,945,687	6,341,958	1,489,356	7,831,314
Balance at 30 June 2021		4,292,920	40,860,245	(448,444)	337,700	3,000	49,301,378	(1,191,737)	(6,503)	(1,198,240)	93,148,559	22,244,171	115,392,730

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2021 (Unaudited)

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the period	5,284,009	4,198,391
<i>Adjustments for</i>		
Tax expense	1,178,127	231,644
Depreciation and amortization	3,831,503	3,552,810
Expected credit loss (reversal)	(9,234)	6,295
Reversal on inventories devaluation	9,652	117,949
Non-current employee benefit expense	177,224	158,070
Loss on foreign currency exchange	129,851	221,365
Share of profit of associates accounted for using equity method	(29,855)	(37,669)
Interest income	(104,812)	(87,232)
Interest expense	563,775	786,490
Loss on impairment of assets	125,259	-
Loss (gain) on measured at fair value and others	(208,338)	82,692
Cash flows generated from operations		
before changes in operating assets and liabilities	10,947,161	9,230,805
<i>Decrease (increase) in operating assets</i>		
Trade and other current receivables	(4,231,076)	426,745
Inventories	(4,537,202)	(500,645)
Other assets	(379,274)	(246,897)
Net increase in operating assets	(9,147,552)	(320,797)

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2021 (Unaudited)

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<i>Increase (decrease) in operating liabilities</i>			
Trade and other current payables		2,731,182	331,125
Non-current provisions for employee benefits		(41,128)	(143,631)
Other liabilities		(121,982)	66,740
Net increase in operating liabilities		2,568,072	254,234
Net cash flows generated from operations		4,367,681	9,164,242
Income tax paid		(1,015,967)	(300,625)
Net cash flows provided by operating activities		3,351,714	8,863,617
<i>Cash flows from investing activities</i>			
Acquisition of subsidiary, net of cash acquired	3	(2,961,888)	(614,885)
Proceed (acquisition) of others' debt instruments		(13,388,634)	850,925
Proceeds from sales of property, plant and equipment		8,933	17,911
Acquisition of property, plant and equipment		(2,832,500)	(4,169,979)
Acquisition of other intangible assets		(63,426)	(46,126)
Proceeds from short-term loans to related party		-	3,689
Dividends received		5,700	4,750
Interest received		101,622	83,660
Net cash flows used in investing activities		(19,130,193)	(3,870,055)

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the six-month period ended 30 June 2021 (Unaudited)

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>		
Advance in shares	-	2,557,132
Proceeds from changes in ownership interests		
in subsidiaries that do not result in a loss of control	-	39
<i>Proceeds from (payments of) borrowings</i>		
Increase in bank overdrafts and short-term borrowings		
from financial institutions	9,001,785	21,270,044
Decrease in short-term borrowing from related parties	-	(27,610,525)
Proceeds from long-term borrowings from financial institutions	-	9,366,644
Payments of long-term borrowings from financial institutions	(12,811,360)	(5,461,571)
Payments of lease liabilities	(313,015)	(267,425)
Proceeds from issuance of debentures	5,500,000	-
Net increase (decrease) in borrowings	1,377,410	(2,702,833)
Dividends paid		
Dividends paid to owners of the parent	(1,931,216)	(1,312,920)
Dividends paid to non-controlling interests	(356,135)	(653,094)
Total dividends paid	(2,287,351)	(1,966,014)
Interest and other finance costs paid	(556,532)	(793,103)
Net cash flows used in financing activities	(1,466,473)	(2,904,779)
Net increase (decrease) in cash and cash equivalents	(17,244,952)	2,088,783
Effect of exchange rate changes on cash and cash equivalents	397,172	49,146
Cash and cash equivalents at beginning of the period	31,255,702	4,393,845
Cash and cash equivalents at end of the period	14,407,922	6,531,774
<i>Supplementary information for cash flows</i>		
Non-cash transactions at end of the period		
Account payables from purchase of assets	459,836	759,547
Accrued investments	2,762,266	39,994

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

SCG Packaging Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

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SCG Packaging Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim 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 10 August 2021.

1 General information

SCG Packaging Public Company Limited, the “Company”, is 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.

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.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim consolidated financial statements are presented in the same format as the annual consolidated financial statements and together with notes to the interim financial statements on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 “*Interim Financial Reporting*”, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim consolidated financial statements do not include all of the financial information required for full annual consolidated financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

(b) Functional and presentation currency

The interim consolidated financial statements are prepared and 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 interim financial statements to the nearest thousand unless otherwise stated.

(c) Use of estimates and judgments

The preparation of interim 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.

The significant assumptions in applying the Group’s accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

SCG Packaging Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

The COVID-19 outbreak resulted in estimation uncertainty. In 2020, The Group elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 in preparing the financial statements for the year ended 31 December 2020 by excluding COVID-19 situation. As the accounting guidance already expired on 31 December 2020, the Group has adjusted the value of assets in the first quarter of 2021 and no material impact on the consolidated financial statements.

(d) Basis of consolidation

The interim consolidated financial statements for the three-month and six-month periods ended 30 June 2021 include the accounts of SCG Packaging Public Company Limited and its subsidiaries. Subsidiaries included in the interim consolidated financial statements are as follows:

1. Subsidiaries in Integrated Packaging Chain
2. Subsidiaries in Fibrous Chain

All significant intercompany transactions with subsidiaries included in the interim consolidated financial statements have been eliminated.

3 Acquisition of business

(1) Go-Pak UK Limited, United Kingdom

On 12 January 2021, the Group 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. This agreement has total consideration of GBP 133.6 million or equivalent to approximately Baht 5,449 million. The payment has divided by the first payment of GBP 77.5 million or equivalent to approximately Baht 3,161 million and the remaining payment will be based on the Go-Pak’s incremental financial performance.

Obtaining control in Go-Pak further reinforces the Group to expand SCGP’s foodservice packaging business and elevates its consumer platform, while giving access to customer base in UK, Europe and North America. This will also broaden SCGP’s total packaging solutions and strengthen its production and distribution capabilities to grow the ASEAN market.

According to the above acquisition, the Group has engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. In the first quarter of 2021, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded 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:

	Fair value Go-Pak <i>(in million Baht)</i>
Cash and cash equivalents	479
Trade and other current receivables	290
Inventories	431
Other non-current receivables	5
Property, plant and equipment	595
Intangible assets	2,263
Trade and other current payables	(208)
Interest-bearing liabilities	(357)
Other current liabilities	(49)
Deferred tax liabilities	(444)
Net identifiable assets and liabilities	3,005
Goodwill from business acquisition	2,444
Total consideration transferred	5,449
Cash acquired	(479)
Total consideration transferred - Net	4,970
Less Contingent consideration	(2,288)
Net cash outflows until 30 June 2021	2,682

The assets, liabilities and operating results since acquisition date have been included in the Group's consolidated financial statements. During the period from acquisition date to 30 June 2021, Go-Pak contributed revenue from sales of Baht 1,048 million to the Group's operating results.

The Group incurred acquisition costs totaling Baht 121 million which have been included in administrative expenses in the consolidated income statement.

In the acquisition of Go-Pak, the Group has agreed to pay the selling shareholders when complying with the agreement. The agreement to pay around GBP 30 to 56 million or equivalent to Baht 1,230 to 2,300 million based on the Go-Pak's financial performance in 2021 and 2022 meets the specified condition in the agreement. The Group has included GBP 56.1 million or equivalent to Baht 2,288 million as contingent consideration from business acquisition, which represents fair value at the acquisition date. The fair value of the contingent consideration was classified as a Level 3 fair value (see note 11).

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(2) 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 VND 2,070 billion or equivalent to approximately Baht 2,669 million and the Group has engaged an independent appraiser 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. The Group recognized the provisional amounts of fair value in consolidated statement of financial position.

In the first quarter of 2021, the determination of the fair values has been completed and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly. The Group recognized a decrease of goodwill of Baht 128 million. This adjustment is in accordance with the accounting adjustment condition for business acquisition.

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.

4 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, a person or entity that are under common control or under the same significant influence as the Group.

Significant transactions with related parties for the three-month and six-month periods ended 30 June are summarized as follows:

	For the three-month period		For the six-month period	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Parent</i>				
Revenue	2,642	2,522	5,593	5,633
Intellectual properties fees	-	61,095	-	131,217
Interest expense	-	56,769	-	217,597
Service fee	219,302	196,789	441,892	411,987
<i>Associates</i>				
Revenue	111,625	97,937	210,065	190,519
Dividends income	-	-	5,700	4,750
Purchases	73,123	63,472	138,102	133,214
<i>Others</i>				
Revenue	1,454,888	744,825	2,624,259	1,993,704
Purchases	2,060,929	1,703,118	3,696,577	3,296,521
Service fee	732,433	608,551	1,406,063	1,305,545

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Balances as at 30 June 2021 and 31 December 2020 with related parties were as follows:

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
<i>Trade receivables</i>		
Parent	884	1,274
Associates	61,425	39,561
Others	916,170	652,107
Total	978,479	692,942
<i>Other current receivables</i>		
Parent	71,633	56,387
Associates	39,806	35,977
Others	2,794	9,405
Total	114,233	101,769
<i>Advance payment from software licence fee, long-term receivable and deposit shown under other non-current receivables</i>		
Parent	187,767	210,951
Associates	120,929	117,331
Total	308,696	328,282
<i>Trade payables</i>		
Associates	17,117	18,312
Others	1,075,703	839,138
Total	1,092,820	857,450
<i>Other current payables</i>		
Parent	101,739	106,604
Associates	4,999	4,886
Others	133,478	67,142
Total	240,216	178,632
<i>Lease liabilities</i>		
<i>Current and non-current portion</i>		
Parent	120,722	99,157
Associates	107,698	102,423
Others	8,234	9,148
Total	236,654	210,728

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The Board of Directors and key management compensation

	For the three-month period		For the six-month period	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>For the three-month periods ended</i>				
<i>30 June</i>				
Short-term employee benefits	34,262	26,304	62,532	50,161
Post-employment benefits	2,247	2,130	4,495	4,256
Total	36,509	28,434	67,027	54,417

5 Trade receivables

	<i>Note</i>	30 June 2021	31 December 2020
		<i>(in thousand Baht)</i>	
<i>Trade receivables</i>			
Related parties	4	978,479	692,942
Other companies		18,423,798	13,886,511
Less allowance for expected credit loss		(143,816)	(167,242)
Net		18,279,982	13,719,269
Total		19,258,461	14,412,211
		2021	2020
		<i>(in thousand Baht)</i>	
<i>For the six-month periods ended 30 June</i>			
Expected credit loss (reversal)		(9,234)	20,398

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	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Trade receivables		
Related parties		
Within credit terms	895,447	687,486
Overdue		
Less than 1 month	82,317	5,324
1 - 3 months	712	58
Over 3 - 12 months	3	74
Total	978,479	692,942
Other companies		
Within credit terms	16,615,418	12,550,667
Overdue		
Less than 1 month	1,294,033	959,151
1 - 3 months	321,362	161,593
Over 3 - 12 months	45,684	46,148
Over 12 months	147,301	168,952
	18,423,798	13,886,511
Less allowance for expected credit loss	(143,816)	(167,242)
Net	18,279,982	13,719,269
Total	19,258,461	14,412,211

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

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6 Investments in associates

Movements for six-month periods ended 30 June in investments in associates accounted for using the equity method were as follows:

	2021 (in thousand Baht)	2020
At 1 January	822,620	768,159
Share of net profit of investments - equity method	29,856	37,669
Share of other comprehensive income of investment - equity method	7,151	-
Dividend income	(5,700)	(4,750)
At 30 June	853,927	801,078
At 31 December		822,620

7 Changes in liabilities arising from financing activities

	Bank overdrafts and short-term borrowings	Long-term borrowings	Finance lease liabilities	Debenture	Total
	(in thousand Baht)				
At 1 January 2021	15,080,050	28,353,807	1,493,750	-	44,927,607
Changes from financing cash flows	9,001,785	(12,811,360)	(313,015)	5,491,264	1,368,674
Leases	-	-	234,397	-	234,397
Changes arising from obtaining subsidiaries	18,229	-	338,691	-	356,920
The effect of changes in foreign exchange rates	397,308	423,841	46,885	-	868,034
Other non-cash movement	-	3,918	-	595	4,513
At 30 June 2021	24,497,372	15,970,206	1,800,708	5,491,859	47,760,145

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8 Interest-bearing liabilities

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Current		
Bank overdrafts and short-term borrowings from financial institutions		
- Unsecured	24,497,372	15,080,050
Current portion of long-term borrowings from financial institutions		
- Secured	-	7,377
- Unsecured	4,502,550	16,294,784
	4,502,550	16,302,161
Current portion of lease liabilities	384,806	426,936
Total	29,384,728	31,809,147
Non-current		
Long-term borrowings from financial institutions		
- Secured	-	49,803
- Unsecured	11,467,656	12,001,843
	11,467,656	12,051,646
Lease liabilities	1,415,902	1,066,814
Debenture	5,491,859	-
Total	18,375,417	13,118,460
Total interest-bearing liabilities	47,760,145	44,927,607

On 1 April 2021, the company issued debenture No.1/2021 amounting to Baht 5,500 million at a fixed interest rate of 2.65% per annum with a term of 3 years and 8 months. The debenture will be due in 2024.

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. As at 30 June 2021 the subsidiary has been settled all borrowing and released all collaterals.

As at 30 June 2021, bank overdrafts and short-term borrowings from financial institutions of the Group has an average interest rate from 0.50% to 5.85% per annum (31 December 2020: 0.55% to 9.50% per annum).

As at 30 June 2021, long-term borrowings from financial institutions of the Group has an average interest rate from 1.00% to 10.90% per annum (31 December 2020: 1.00% to 10.90% per annum).

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9 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 six-month periods ended 30 June was as follows:

	Integrated Packaging				Intersegment					
	Chain		Fibrous Chain		Other		Elimination		Consolidated SCGP	
	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(in thousand Baht)									
Information from										
statement of financial position										
Current assets	45,891,722	33,741,848	7,917,761	4,891,681	56,749,808	58,028,265	(40,730,638)	(33,742,877)	69,828,653	62,918,917
Investments in associates	-	-	411,626	392,945	442,301	429,675	-	-	853,927	822,620
Investments in equity instrument	814,462	813,110	-	-	37,217,172	34,447,438	(38,023,130)	(35,254,396)	8,504	6,152
Property, plant and equipment	70,717,484	68,705,641	18,718,978	18,774,437	323,046	324,220	(574,914)	(533,011)	89,184,594	87,271,287
Others non-current assets	20,600,139	19,932,159	6,255,460	1,229,407	599,346	509,216	(269,239)	(260,878)	27,185,706	21,409,904
Total assets	138,023,807	123,192,758	33,303,825	25,288,470	95,331,673	93,738,814	(79,597,921)	(69,791,162)	187,061,384	172,428,880
Short-term borrowings	50,260,875	40,111,534	1,566,027	1,465,130	17,535,271	23,435,242	(39,977,445)	(33,202,759)	29,384,728	31,809,147
Other current liabilities	14,027,616	10,106,365	2,174,098	1,569,240	496,643	304,929	(764,337)	(552,996)	15,934,020	11,427,538
Long-term borrowings	7,200,605	7,639,235	1,440,098	1,185,393	10,584,534	5,093,582	(849,820)	(799,750)	18,375,417	13,118,460
Other non-current liabilities	6,327,383	5,204,726	1,104,763	635,544	542,343	392,683	-	-	7,974,489	6,232,953
Total liabilities	77,816,479	63,061,860	6,284,986	4,855,307	29,158,791	29,226,436	(41,591,602)	(34,555,505)	71,668,654	62,588,098
Shareholders' equity	60,207,328	60,130,898	27,018,839	20,433,163	66,172,882	64,512,378	(38,006,319)	(35,235,657)	115,392,730	109,840,782
Total liabilities and shareholders' equity	138,023,807	123,192,758	33,303,825	25,288,470	95,331,673	93,738,814	(79,597,921)	(69,791,162)	187,061,384	172,428,880

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	Integrated Packaging				Intersegment					
	Chain		Fibrous Chain		Other		Elimination		Consolidated SCGP	
	1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(in thousand Baht)									
Information from income statement										
Revenue from sales										
External customers	48,018,336	38,433,484	9,129,814	7,469,326	-	-	-	-	57,148,150	45,902,810
Intersegment	137,842	136,875	950,372	811,466	-	-	(1,088,214)	(948,341)	-	-
Total revenue from sales	48,156,178	38,570,359	10,080,186	8,280,792	-	-	(1,088,214)	(948,341)	57,148,150	45,902,810
Cost of sales	(38,032,572)	(28,992,100)	(8,190,236)	(7,645,686)	-	-	1,270,272	1,084,209	(44,952,536)	(35,553,577)
Gross profit	10,123,606	9,578,259	1,889,950	635,106	-	-	182,058	135,868	12,195,614	10,349,233
Other income	536,704	343,374	175,567	86,762	5,037,340	3,750,790	(5,053,798)	(3,898,558)	695,813	282,368
Profit before expenses	10,660,310	9,921,633	2,065,517	721,868	5,037,340	3,750,790	(4,871,740)	(3,762,690)	12,891,427	10,631,601
Operating expenses	(4,463,747)	(4,381,219)	(1,305,263)	(981,860)	(1,061,745)	(949,348)	939,301	918,599	(5,891,454)	(5,393,828)
Profit before finance cost and income tax	6,196,563	5,540,414	760,254	(259,992)	3,975,595	2,801,442	(3,932,439)	(2,844,091)	6,999,973	5,237,773
Finance cost	(660,957)	(760,765)	(43,372)	(43,137)	(284,443)	(492,019)	421,080	450,514	(567,692)	(845,407)
Profit (loss) before income tax	5,535,606	4,779,649	716,882	(303,129)	3,691,152	2,309,423	(3,511,359)	(2,393,577)	6,432,281	4,392,366
Tax income (expense)	(1,020,109)	(297,052)	(157,483)	55,902	692	11,666	(1,227)	(2,160)	(1,178,127)	(231,644)
Profit (loss) after income tax	4,515,497	4,482,597	559,399	(247,227)	3,691,844	2,321,089	(3,512,586)	(2,395,737)	5,254,154	4,160,722
Share of profit of associates										
accounted for using equity method	-	-	24,381	37,529	5,474	140	-	-	29,855	37,669
Profit for the period	4,515,497	4,482,597	583,780	(209,698)	3,697,318	2,321,229	(3,512,586)	(2,395,737)	5,284,009	4,198,391

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	Integrated Packaging Chain		Fibrous Chain		Other		Intersegment Elimination		Consolidated SCGP	
	1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun		1 Jan - 30 Jun	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>									
Profit (loss) attributable to:										
Owners of the parent	3,939,192	3,965,474	587,271	(202,767)	3,697,318	2,321,229	(3,825,789)	(2,447,596)	4,397,992	3,636,340
Non-controlling interests	576,305	517,123	(3,491)	(6,931)	-	-	313,203	51,859	886,017	562,051
	<u>4,515,497</u>	<u>4,482,597</u>	<u>583,780</u>	<u>(209,698)</u>	<u>3,697,318</u>	<u>2,321,229</u>	<u>(3,512,586)</u>	<u>(2,395,737)</u>	<u>5,284,009</u>	<u>4,198,391</u>
Interest income	78,866	86,617	1,484	1,104	428,494	432,278	(404,032)	(432,767)	104,812	87,232
Depreciation and amortization	<u>2,804,534</u>	<u>2,655,651</u>	<u>1,005,365</u>	<u>873,985</u>	<u>38,273</u>	<u>39,298</u>	<u>(16,669)</u>	<u>(16,124)</u>	<u>3,831,503</u>	<u>3,552,810</u>
Other non-monetary items:										
- Loss on inventories devaluation (reversal)	48,543	69,942	(38,891)	48,007	-	-	-	-	9,652	117,949
- Loss on impairment of assets	24,310	-	100,949	-	-	-	-	-	125,259	-

Revenue from sales of integrated packaging chain's proportion in 84% of the total revenue from sales includes packaging paper 53%, fiber-based packaging 25%, and performance and polymer packaging 6%.

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10 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>2021</i>				
Annual dividend 2020	30 March 2021	22 April 2021	0.45	1,931
<i>2020</i>				
Annual dividend 2019	24 March 2020	23 April 2020	0.42	1,313

11 Financial instruments

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 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
<i>Balance at 30 June 2021</i>						
<i>Financial assets</i>						
Cash and cash equivalents	-	-	14,407,922	14,407,922		
Investments in short-term debt instruments						
- Deposit at financial institutions	-	-	3,412,681	3,412,681		
- Fund	12,041,760	-	-	12,041,760	12,041,760	-
Trade receivables	-	-	19,258,460	19,258,460		
Derivatives assets	71,724	-	-	71,724	71,724	-
Investments in equity instruments	-	8,504	-	8,504	-	8,504
Others non-current assets						
- Deposit at financial institutions	-	-	18,949	18,949		
- Investments in convertible loan	28,500	-	-	28,500	-	28,500
Total financial assets	12,141,984	8,504	37,098,012	49,248,500		
<i>Financial liabilities</i>						
Bank overdrafts and short-term borrowings	-	-	24,497,372	24,497,372		
Trade payables	-	-	9,665,533	9,665,533		
Contingent considerations	2,432,226	-	-	2,432,226	-	2,432,226
Long-term borrowings	-	-	15,970,206	15,970,206		
Lease liabilities	-	-	1,800,708	1,800,708		
Debentures	-	-	5,491,859	5,491,859	5,505,455	-
Derivatives liabilities	132,169	-	-	132,169	132,169	-
Total financial liabilities	2,564,395	-	57,425,678	59,990,073		

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On 1 February 2021, the Company invested in a mutual fund with an asset management company amounting to Baht 12,000 million which is measured at FVTPL with an average rate of return of approximately 1% per year and holding period of approximately 1 year.

	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
Balance at 31 December 2020					
Financial assets					
Cash and cash equivalents	-	-	31,255,702	31,255,702	
Investments in short-term debt instruments					
- Deposit at financial institutions	-	-	1,629,897	1,629,897	
Trade receivables	-	-	14,412,211	14,412,211	
Derivatives assets	26,830	-	-	26,830	26,830
Investments in equity instruments	-	6,152	-	6,152	- 6,152
Total financial assets	26,830	6,152	47,297,810	47,330,792	
Financial liabilities					
Bank overdrafts and short-term borrowings	-	-	15,080,050	15,080,050	
Trade payables	-	-	7,702,501	7,702,501	
Long-term borrowings	-	-	28,353,807	28,353,807	
Lease liabilities	-	-	1,493,750	1,493,750	
Derivatives liabilities	231,648	-	-	231,648	231,648
Total financial liabilities	231,648	-	52,630,108	52,861,756	

Financial instruments measured at fair value

The Group determined Level 2 fair values for financial assets and financial liabilities using valuation techniques as follows:

- derivative assets and derivative liabilities was 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.
- investments in debt instruments and debenture based on broker quote. This quote is tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

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The Group determined Level 3 fair values for financial assets and financial liabilities using valuation techniques that used significantly unobservable inputs as follows:

- investments in equity instruments and investments in convertible loan which are not actively traded in market using the valuation technique such as the latest reporting net assets adjusted by relevant factors because the equity instruments were not listed on any stock exchanges, and there were no recent observable arm's length transactions in the instruments.
- contingent consideration using the discounted cash flow technique that used significantly unobservable inputs such as expected cash flows and risk-adjusted discount rate.

12 Commitments and contingent liabilities

As at 30 June 2021, the Group had:

- (a) Committed to purchases and installation of machinery and equipment approximately amounting to Baht 2,519 million (*31 December 2020: Baht 2,909 million*).
- (b) Committed to purchases of raw material, and other approximately amounting to Baht 1,563 million (*31 December 2020: Baht 856 million*).
- (c) Contingent liability for letter of guarantees issued by local banks for the Group to government, state enterprises and private sectors of Baht 91 million (*31 December 2020: Baht 81 million*).
- (d) Contingent liability for borrowings guarantees issued by a local bank for the Group to associate for a maximum amount of Baht 165 million (*31 December 2020: Baht 198 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 expiration 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 expiration date in August 2037.

13 Others

- (a) On 10 May 2021, TCG Solutions Pte. Ltd., which is a wholly owned subsidiary of Thai Containers Group Company Limited (or "TCG"), a 70:30 joint venture between the Company and Rengo Company Limited in Japan, signed a conditional share purchase agreement to acquire a 75% stake in PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box and PT Rapipack Asritama (collectively, "Intan Group"), corrugated container producers in Indonesia. The transaction is expected to be completed in the third quarter of 2021.
- (b) On 30 June 2021, the company signed a share purchase agreement to acquire an 85% stake in Deltalab, S.L. ("Deltalab"), a medical supplies and labware specialist in Spain. The purchase will be through the Company's wholly owned subsidiary and the transaction is expected to be completed in the third quarter of 2021.

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14 Events after the reporting period

- (a) On 23 July 2021, SCGP Rigid Packaging Solutions Pte. Ltd., which is a wholly owned subsidiary of the Company, completed the acquisition of 70% stake in Duy Tan Plastics Manufacturing Corporation (or “Duy Tan”) which is Vietnam’s leading producer of rigid plastic packaging products. The payment is initiated by the first payment of VND 3,630 billion or equivalent to Baht 5,170 million. The remaining payment will be based on Duy Tan’s incremental financial performance, and when combined with the first payment will be no more than the total of VND 6,400 billion or equivalent to Baht 9,120 million. The Group will consolidate assets and liabilities of Duy Tan in consolidated statement of financial position in July 2021 and consolidate operating results in consolidated financial statements from August 2021 onwards.
- (b) At the Board of Directors’ Meeting of the Company held on 27 July 2021, the directors approved to pay the 2021 interim dividend at the rate of Baht 0.25 per share to the shareholders entitled to receive dividends totaling approximately Baht 1,073 million and is scheduled for payment on 25 August 2021.

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15 Reclassification of accounts

Certain accounts in the interim consolidated income statements for the three-month and six-month period ended 30 June 2020 have been reclassified to conform to the presentation in the interim consolidated financial statements for the three-month and six-month period ended 30 June 2021 as follows:

	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<i>Statement of income</i>			
<i>for the three-month period ended</i>			
<i>30 June 2020</i>			
Gain on exchange rate	80,251	1,119,486	1,199,737
Finance income (costs)	756,378	(1,119,486)	(363,108)
<i>for the six-month period ended</i>			
<i>30 June 2020</i>			
Loss on exchange rate	(91,976)	(199,028)	(291,004)
Finance costs	(1,044,435)	199,028	(845,407)

16 Thai Financial Reporting Standard (TFRS) that has been issued but is not yet effective

The Federation of Accounting Professions has revised TFRS which is effective for annual accounting periods beginning on or after 1 January 2022 and has not been adopted in the preparation of these interim consolidated financial statements because it is not yet effective. The Group has assessed the potential initial impact on the financial statements of this revised TFRS and expected that there will be no material impact on the financial statements in the period of initial application.