

**Selic Corp Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Selic Corp Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Selic Corp Public Company Limited and its subsidiaries (the "Group") and of Selic Corp Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019, and their financial performance and cash flows for the 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 and Separate Financial Statements* section of my report. I am independent of the Group and the Company 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 and separate 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 and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Acquisition of business	
Refer to Note 3(a) and 4 to the financial statements	
The key audit matter	How the matter was addressed in the audit
In January 2019, the Group acquired two companies whose main business is manufacturing and distributing self-adhesive label to expand its customer base and increase its competitive advantages. As a result of the acquisition, goodwill amounting to Baht 378 million was recognised. The accounting for the business acquisition is complex and significant judgements are required on identifying and determining the fair values of assets acquired and liabilities assumed from the business acquisition. In addition, the amount of contractual purchase price and recognised goodwill were material. Therefore, I considered this area as a key audit matter.	My audit procedures included the following: • Inquiring of management and reading sale and purchase agreement, as well as relevant analysis report, and inspecting purchase and disbursement documents in order to understand the nature and objective of business acquisition including significant terms and conditions; • Evaluating the reasonableness of the key assumptions used to determine the fair values by reference to internal and external data and verifying mathematical accuracy of calculation; • Assessing the independence and professional competence of the independent appraisers engaged by the Group; • Involving KPMG specialist to evaluate the appropriateness of valuation methodology and financial parameters applied to the discount rate in the valuation of the identified intangible assets; • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standard.

Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 27 February 2019.

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 and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate 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 and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 the fact. I have nothing to report in this regard.

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

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



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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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.

D. Yin

(Dussanee Yimsuwan)
Certified Public Accountant
Registration No. 10235

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2020

Selic Corp Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	114,713	210,781	42,341	199,373
Trade accounts receivable	4, 5, 7, 27	273,931	125,972	148,415	139,704
Other receivables	5, 27	6,899	4,435	3,850	4,410
Inventories	4, 8	315,915	79,229	90,987	79,229
Other current assets	27	6,247	14,230	2,945	4,639
Total current assets		717,705	434,647	288,538	427,355
<i>Non-current assets</i>					
Investments in subsidiaries	4, 9	-	-	1,039,997	9,997
Investment properties		1,752	-	-	-
Property, plant and equipment	4, 10	324,169	102,064	87,533	102,062
Goodwill	4, 11	378,310	-	-	-
Intangible assets	4, 11	162,329	4,521	3,627	4,521
Deferred tax assets	20	5,785	2,320	2,999	2,320
Other non-current assets		3,446	1,040	3,437	1,040
Total non-current assets		875,791	109,945	1,137,593	119,940
Total assets	17	1,593,496	544,592	1,426,131	547,295

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
		(in thousand Baht)			
Current liabilities					
Short-term loans from					
financial institutions	12	37,664	67,216	15,500	67,216
Trade accounts payable	27	171,368	96,002	109,190	96,002
Other payables	5, 13, 27	124,647	21,960	113,801	21,871
Current portion of long-term loans					
from financial institution	12	119,564	-	26,633	-
Current portion of finance lease					
liabilities	12	2,239	995	332	995
Current tax payable		8,675	-	2,560	-
Other current liabilities	27	2,584	661	1,212	661
Total current liabilities		466,741	186,834	269,228	186,745
Non-current liabilities					
Long-term loans from					
financial institution	12	517,425	-	159,112	-
Long-term loans from related party	12	-	-	500,000	-
Other payable		103,000	-	103,000	-
Finance lease liabilities	12	3,623	362	29	362
Deferred tax liabilities	4, 20	54,502	-	-	-
Non-current provisions for					
employee benefits	14	15,748	8,088	12,230	8,088
Total non-current liabilities		694,298	8,450	774,371	8,450
Total liabilities	17	1,161,039	195,284	1,043,599	195,195

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
		(in thousand Baht)			
Equity					
Share capital					
Authorised share capital	15	159,000	140,000	159,000	140,000
Issued and paid-up share capital	15	145,000	140,000	145,000	140,000
Share premium on ordinary shares		177,835	177,835	177,835	177,835
Retained earnings					
Appropriated					
Legal reserve		3,030	3,030	3,030	3,030
Unappropriated		108,695	28,441	56,667	31,235
Other components of equity		(2,105)	-	-	-
Equity attributable to owners of the parent		432,455	349,306	382,532	352,100
Non-controlling interests		2	2		-
Total equity		432,457	349,308	382,532	352,100
Total liabilities and equity		1,593,496	544,592	1,426,131	547,295

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Revenue					
Revenue from sale of goods	5, 17	1,388,899	595,147	681,971	591,898
Net foreign exchange gain	27	809	1,370	421	1,015
Other income	5, 27	8,078	3,204	39,489	3,168
Total revenue		1,397,786	599,721	721,881	596,081
Expenses					
Cost of sales of goods	5	1,049,136	460,517	525,852	460,481
Distribution costs		35,339	14,172	14,075	13,255
Administrative expenses	5, 27	167,852	136,423	101,375	130,943
Finance costs	5	41,484	273	45,365	273
Total expenses		1,293,811	611,385	686,667	604,952
Profit (loss) before tax income (expense)	17	103,975	(11,664)	35,214	(8,871)
Tax income (expense)	20	(18,165)	736	(4,226)	736
Profit (loss) for the year		85,810	(10,928)	30,988	(8,135)
Profit (loss) attributable to:					
Owners of the parent		85,810	(10,927)	30,988	(8,135)
Non-controlling interests		-	(1)	-	-
Profit (loss) for the year		85,810	(10,928)	30,988	(8,135)
Basic earnings (losses) per share (in Baht)	21	0.296	(0.038)	0.107	(0.028)

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Profit (loss) for the year		85,810	(10,928)	30,988	(8,135)
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(2,105)	-	-	-
Total items that will be reclassified subsequently to profit or loss		(2,105)	-	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Gains (losses) on remeasurements of defined benefit plans	14	-	3,057	-	3,057
Income tax relating to items that will not be reclassified	20	-	(611)	-	(611)
Total items that will not be reclassified to profit or loss		-	2,446	-	2,446
Other comprehensive income (expense) for the year, net of tax		(2,105)	2,446	-	2,446
Total comprehensive income (expense) for the year		83,705	(8,482)	30,988	(5,689)
Total comprehensive income (loss) attributable to:					
Owners of the parent		83,705	(8,481)	30,988	(5,689)
Non-controlling interests		-	(1)	-	-
Total comprehensive income (loss) for the year		83,705	(8,482)	30,988	(5,689)

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements						
	Retained earnings			Other components of equity		Equity attributable to owners of the parent	Non-controlling interests
	Legal reserve	Unappropriated	Translating foreign operations	Share premium on ordinary shares	Issued and paid-up share capital		
Note			(in thousand Baht)				Total equity
Year ended 31 December 2018							
Balance at 1 January 2018	3,030	44,482	-	177,835	140,000	365,347	365,347
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the parent							
Dividends	-	(7,560)	-	-	-	(7,560)	(7,560)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	3
Total transactions with owners, recorded directly in equity	-	(7,560)	-	-	-	(7,560)	(7,557)
Comprehensive income for the year							
Loss for the year	-	(10,927)	-	-	-	(10,927)	(10,928)
Other comprehensive income	-	2,446	-	-	-	2,446	2,446
Total comprehensive income for the year	-	(8,481)	-	-	-	(8,481)	(8,482)
Balance at 31 December 2018	3,030	28,441	-	177,835	140,000	349,306	349,308

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements										
	Note	Retained earnings			Other components of equity			Equity		Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Translating foreign operations	Equity			
							attributable to owners of the parent	Non-controlling interests		
(in thousand Baht)										
Year ended 31 December 2019										
Balance at 1 January 2019		140,000	177,835	3,030	28,441	-	349,306	2	349,308	
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners of the parent										
Share dividends	22	5,000	-	-	(5,000)	-	-	-	-	-
Dividends	22	-	-	-	(556)	-	(556)	-	(556)	(556)
Total transactions with owners, recorded directly in equity		5,000	-	-	(5,556)	-	(556)	-	(556)	(556)
Comprehensive income for the year										
Profit for the year		-	-	-	85,810	-	85,810	-	85,810	85,810
Other comprehensive income		-	-	-	-	(2,105)	(2,105)	-	(2,105)	(2,105)
Total comprehensive income for the year		-	-	-	85,810	(2,105)	83,705	-	83,705	83,705
Balance at 31 December 2019		145,000	177,835	3,030	108,695	(2,105)	432,455	2	432,457	

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
		Retained earnings				
Note		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Total equity
		<i>(in thousand Baht)</i>				
	Year ended 31 December 2018					
	Balance at 1 January 2018	140,000	177,835	3,030	44,484	365,349
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
22	Dividends	-	-	-	(7,560)	(7,560)
	Total transactions with owners, recorded directly in equity	-	-	-	(7,560)	(7,560)
Comprehensive income for the year						
	Loss for the year	-	-	-	(8,135)	(8,135)
	Other comprehensive income	-	-	-	2,446	2,446
	Total comprehensive income for the year	-	-	-	(5,689)	(5,689)
	Balance at 31 December 2018	140,000	177,835	3,030	31,235	352,100

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
		Retained earnings				
Note		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Total equity
		<i>(in thousand Baht)</i>				
	Year ended 31 December 2019					
	Balance at 1 January 2019	140,000	177,835	3,030	31,235	352,100
	Transactions with owners, recorded directly in equity					
	<i>Contributions by and distributions to owners</i>					
22	Share dividends	5,000	-	-	(5,000)	-
22	Dividends	-	-	-	(556)	(556)
	Total transactions with owners, recorded directly in equity	5,000	-	-	(5,556)	(556)
	Comprehensive income for the year					
	Profit for the year	-	-	-	30,988	30,988
	Total comprehensive income for the year	-	-	-	30,988	30,988
	Balance at 31 December 2019	145,000	177,835	3,030	56,667	382,532

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Cash flows from operating activities					
Profit (loss) for the year		85,810	(10,927)	30,988	(8,135)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax expense	20	18,165	(736)	4,226	(736)
Finance costs		41,484	273	45,365	273
Depreciation and amortisation	10, 11, 19	49,702	23,008	22,776	22,996
Impairment losses on assets		594	-	594	-
Provisions for employee benefits	14	5,994	2,709	4,878	2,709
Unrealised (gain) loss on foreign exchange		2,095	(153)	1,241	(114)
(Reversal of) bad and doubtful debts expenses	7	(257)	(551)	285	(914)
(Reversal of) losses on inventories devaluation	8	(138)	365	(756)	365
Gain on disposal of plant and equipment		(3,806)	(798)	(1,934)	(798)
Loss on written-off equipment		-	1	-	1
Interest income		(272)	(1,030)	(152)	(1,014)
		199,371	12,161	107,511	14,633
Changes in operating assets and liabilities					
Trade accounts receivable		12,675	10,747	(9,246)	15,808
Other receivables		6,761	(2,310)	560	(2,310)
Inventories		(47,127)	23,999	(11,002)	23,963
Other current assets		8,956	3	1,694	2,780
Other non-current assets		(2,398)	361	(2,397)	318
Trade accounts payable		15,088	(11,530)	13,015	(11,531)
Other payables		(20,176)	10,928	(11,669)	11,350
Other current liabilities		(607)	712	551	798
Employee benefits paid	14	(736)	(1,926)	(736)	(1,926)
Cash generated from operation		171,807	43,145	88,281	53,883
Taxes paid		(23,407)	(2,149)	(2,344)	(2,149)
Net cash from operating activities		148,400	40,996	85,937	51,734

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	4, 9	(787,677)	-	(824,000)	-
Payment for investments in subsidiary	9	-	-	-	(8,997)
Acquisition of plant and equipment		(17,565)	(10,060)	(7,493)	(10,059)
Proceeds from sale of equipment		3,811	941	1,934	941
Acquisition of intangible assets		(2,095)	-	(455)	-
Interest received		271	1,030	151	1,015
Net cash used in investing activities		(803,255)	(8,089)	(829,863)	(17,100)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions	12	107,535	65,036	22,480	65,036
Repayment of short-term borrowings from financial institutions	12	(140,505)	-	(74,196)	-
Proceeds from long-term borrowings from financial institution	12	700,000	-	200,000	-
Repayment of long-term borrowings from financial institution	12	(60,060)	-	(13,380)	-
Payment of borrowing fee for long-term borrowings from financial institution	12	(3,500)	-	(1,000)	-
Proceeds from long-term borrowings from related party	12	-	-	500,000	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	12	(3,782)	(962)	(1,047)	(962)
Dividends paid to owners of the Company	22	(556)	(7,560)	(556)	(7,560)
Interest paid		(37,968)	(171)	(44,498)	(171)
Proceeds from change in interest in subsidiary without a change in control		-	3	-	-
Net cash from financing activities		561,164	56,346	587,803	56,343

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

Selic Corp Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		(93,691)	89,253	(156,123)	90,977
Effect of exchange rate changes on					
cash and cash equivalents		<u>(2,377)</u>	<u>-</u>	<u>(909)</u>	<u>-</u>
Net increase (decrease) in					
cash and cash equivalents		(96,068)	89,253	(157,032)	90,977
Cash and cash equivalents at 1 January		<u>210,781</u>	<u>121,528</u>	<u>199,373</u>	<u>108,396</u>
Cash and cash equivalents at 31 December		<u>114,713</u>	<u>210,781</u>	<u>42,341</u>	<u>199,373</u>
Non-cash transactions					
Consideration payable for investment	4	206,000	-	206,000	-

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

Selic Corp Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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Selic Corp Public Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2020.

1 General information

Selic Corp Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Market for Alternative Investment (“mai”) on 18 October 2016. The Company's registered office is at 270 Liapkhlongphasicharoenfangtai Road, Nong Khaem, Bangkok, Thailand.

The Company's major shareholders during the financial year were Mr. Narong Suwatthanaphim (29.64% shareholding) and Mr. Ek Suwatthanaphim (25.45% shareholding). Both persons were directors of the Company.

The principal activities of the Company and subsidiaries (“the Group”) are production and distribution of adhesives used in industrial including self-adhesive label for domestic and international markets. Details of the Company's subsidiaries as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
E.V.A International Co., Ltd.	Wholesales of industrial chemicals	Thailand	99.97	99.97
PMC Label Materials Co., Ltd.	Production and distribution of self-adhesive label	Thailand	99.99	-
PMC Label Materials Pte. Ltd.	Distribution of self-adhesive label	Singapore	100.00	-

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements except for initial applying TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3(r).

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The Group has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 26.

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, 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 recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 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:

4	Acquisition of subsidiary: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed;
11	Impairment test of goodwill: key assumptions underlying recoverable amounts;
14	Measurement of defined benefit obligations: key actuarial assumptions;
20	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Business combinations

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

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The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss 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.

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 recognised 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 and the Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

(b) Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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 reporting date.

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

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, 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, 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 recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

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The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

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

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

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

Cost is calculated using the first in first out principle, and 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 work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(g) Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

(h) Investment properties

Investment properties are properties which 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 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 labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

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For the year ended 31 December 2019

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:

Buildings	20 years
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No depreciation is provided on freehold land or assets under construction.

(i) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and 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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of 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 recognised in profit or loss.

Leased assets

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 capitalised at the lower of its fair value and 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.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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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:

Buildings and building improvements	5-20 years
Machinery and factory equipment	5-20 years
Furniture, fixtures and office equipment	3-5 years
Vehicles	5 years

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

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

(j) 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 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalised 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 recognised in profit or loss as incurred.

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis 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 for the current and comparative periods are as follows:

Software licences	3-5 years
Customer relationship	15 years

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

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(k) Impairment

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. 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 recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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.

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 recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable 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 recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

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(o) Employee benefits

Defined contribution plan

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 every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. 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 recognised 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 recognised immediately in profit or loss. The Group recognises 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 recognised 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 recognises 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.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised 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.

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(p) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. 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 in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

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

(q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(r) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods 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 and is after deduction of any trade discounts and volume rebates.

Sale of goods

Revenue from sales of goods is recognised 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 recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

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Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

(s) *Interest and other income*

Interest and other income are recognised in profit or loss as they accrue.

(t) *Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(u) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) *Income tax*

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

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

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Deferred tax is recognised 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 recognised 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.

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.

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 reporting date.

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 judgements about future events. New information may become available that causes the Group to change its judgement 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise 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 each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(x) *Related parties*

A related party is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

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(v) 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.

4 Acquisitions of subsidiaries

On 4 January 2019, the Group purchased 100% of the ordinary shares of PMC Label Materials Co., Ltd. ("PMCT"), a manufacturer and distributor of self-adhesive label which is incorporated in Thailand, and PMC Label Materials Pte. Ltd. ("PMCS"), a distributor of self-adhesive label in Singapore and Malaysia which is incorporated in Singapore, for a total consideration of Baht 1,030 million. The transaction was accounted for a business combination.

Taking control of PMC Label Materials Co., Ltd. and PMC Label Material Pte. Ltd., downstream business of the Group, will enable the Group to expand its market to other industrial market through label production and enhance the Group's capabilities to develop new products, including broaden the Group's distribution channel and customer base in international market.

The Group has engaged the independent appraisers to determine the fair values of identifiable assets acquired and liabilities assumed which were mainly property, plant and equipment, and intangible assets. The Group is continuing its review of these matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, then the acquisition accounting will be revised.

Identifiable assets acquired and liabilities assumed

	Note	PMCT	Fair value PMCS (in thousand Baht)	Total
Cash and cash equivalents		21,388	14,935	36,323
Trade accounts receivable		144,015	17,883	161,898
Inventories		179,739	10,206	189,945
Property, plant and equipment	10	239,589	2,331	241,920
Intangible assets	11	146,370	16,890	163,260
Other receivables and other assets		9,012	1,239	10,251
Short-term loans from financial institutions		(3,493)	-	(3,493)
Finance lease liabilities		(2,601)	-	(2,601)
Trade accounts payable		(55,292)	(5,159)	(60,451)
Deferred tax liabilities - net	20	(50,878)	(3,774)	(54,652)
Non-current provisions for employee benefits	14	(2,402)	-	(2,402)
Other payables and other liabilities		(27,131)	(1,177)	(28,308)
Total identifiable net assets received		598,316	53,374	651,690
Goodwill arising from the acquisition	11	328,684	49,626	378,310
Purchase consideration transferred		927,000	103,000	1,030,000
Cash acquired				(36,323)
Net cash outflows				993,677
<i>Less consideration payable</i>				<i>(206,000)</i>
Net cash outflows in 2019				787,677

The trade receivables comprise gross contractual amounts due of Baht 163.7 million, of which Baht 1.8 million was expected to be uncollectible at the acquisition date.

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The consideration payable will be paid to the former shareholders who sold the shares to the Group when the terms and conditions in the Share Sale and Purchase Agreement are met. Under such terms, the payment shall be made by 2 installments.

The assets, liabilities and operating results have been included in the Group's consolidated financial statement for the year ended 31 December 2019 since the acquisition date. During the period from acquisition date to 31 December 2019, the subsidiaries contributed revenue from sale of goods and profit for the year of Baht 825.2 million and Baht 68.2 million, respectively, to the Group's results.

The Group incurred acquisition-related costs of Baht 20.8 million. Most acquisition costs have been occurred during the year 2018 and included in administrative expenses in the Group's consolidated statement of income for the year ended 31 December 2018 and 2019 totaling Baht 20.5 million and Baht 0.3 million, respectively.

5 Related parties

Relationships with subsidiaries are described in notes 9. Other related parties that the Group had significant transactions with during the year were as follows:

Individuals/entities	Country of incorporation/ nationality	Nature of relationships
E.V.A. International Co., Ltd.	Thailand	Subsidiaries, 99.97% shareholding
PMC Label Materials Co., Ltd.	Thailand	Subsidiaries, 99.99% shareholding
PMC Label Materials Pte. Ltd.	Singapore	Subsidiaries, 100% shareholding
Trade Ally International Co., Ltd.	Thailand	A person or a close member of that director's family as director and common director
Trade Ally International Pte. Ltd.	Singapore	A person or a close member of that director's family as director and common director
S.O.M. International Co., Ltd.	Thailand	A person or a close member of that director's family as director and common directors
News EVA Co., Ltd.	Thailand	A person or a close member of that director's family as director and common directors
Big Jet Travel Co., Ltd.	Thailand	A person or a close member of that director's family as director and common director
International Legal Counsellors Thailand Ltd.	Thailand	A person or a close member of that director's family as director
Narongwong Group Co., Ltd.	Thailand	A person or a close member of that director's family as director and common director
Humanica Public Co., Ltd.	Thailand	A person or a close member of that director's family as director and common director
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods/Purchase of goods	Price approximated market price
Rendering/Receiving of services	Mutually agreed amount
Land and building rental	Mutually agreed price referenced to the valuation of an independent appraiser
Consultant fee	Mutually agreed amount
Management personnel compensation	Mutually agreed amount
Interest expense	Contract price based on market
Loan guarantee	Free of charge

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Revenue from sale of goods	-	-	90,821	39,124
Management service income	-	-	34,800	-
Purchase of goods	-	-	69	-
Administrative expenses	-	-	200	-
Finance costs	-	-	32,446	-
Other related parties				
Revenue from sale of goods	7,295	-	-	-
Other income	75	-	-	-
Administrative expenses	391	19	266	19
Legal consulting fee	280	1,853	244	1,853
Land and building rental expense	3,069	-	3,069	-
Purchase of intangible assets	1,227	-	-	-
Key management personnel				
Land and building rental expense	-	3,069	-	3,069
Consulting fee	1,713	1,713	1,713	1,713
Key management personnel compensation				
Short-term employee benefit	30,001	27,075	22,494	23,863
Post-employment benefits	950	414	795	414
Other benefits	886	-	886	-
Total key management personel compensation	31,837	27,489	24,175	24,277

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

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
E.V.A. International Co., Ltd.	-	-	15,784	26,840
PMC Label Materials Co., Ltd.	-	-	16,889	-
Other related parties				
Trade Ally International Pte. Ltd.	4,644	-	-	-
Total	4,644	-	32,673	26,840

Other receivables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Key management personnel	4	-	4	-
Total	4	-	4	-

Long-term loan from related party

On 30 January 2019, the Company has entered into a long-term loan agreement with PMC Label Materials Co., Ltd. with a credit facility of Baht 500 million. This loan bears interest rate at MLR plus margin per annum in the first year and MLR less margin per annum in the subsequent year, and is repayable on demand. The objective of the loan is for repayment of short-term loan (Bridge loan) from a financial institution used as source of fund for business acquisition as described in note 4. As at 31 December 2019, the credit facility has been fully utilised.

Other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related party				
Narongwong Group Co., Ltd.	600	-	600	-
Humanica Public Co., Ltd.	15	-	-	-
International Legal Counsellors Thailand Ltd.	4	-	-	-
Big Jet Travel Co., Ltd.	5	-	5	-
Key management personnel	24	453	24	453
Total	648	453	629	453

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Significant agreements with related parties

As at 31 December 2019, significant agreements with related parties were as follows:

Land and building rental agreement

The Company has land and building rental agreement with a related party for being the operating location. The agreement is effective for 15 years and ending in June 2031 with total rental fee for the year 2019 of Baht 2.9 million (*for the year 2018 of Baht 2.9 million*). The rate will be adjusted every 5 years.

Management service agreement

The Company has management service agreement with a related party. The agreement is effective from the date as specified in the agreement with a service fee as stipulated in the agreement and shall be automatically extended for one additional year unless terminated by either party upon giving 30 days advance notice.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	761	253	335	136
Cash at banks - current accounts	29,909	4,583	3,410	1,317
Cash at banks - savings accounts	80,527	200,586	37,400	192,561
Others	3,516	5,359	1,196	5,359
Cash and cash equivalents in the statement of financial position	114,713	210,781	42,341	199,373

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	5	4,644	-	32,673	26,840
Other parties		271,240	126,334	116,027	112,864
Total		275,884	126,334	148,700	139,704
Less allowance for doubtful accounts		(1,953)	(362)	(285)	-
Net		273,931	125,972	148,415	139,704
(Reversal of) bad and doubtful debts expenses for the year		(257)	(551)	285	(914)

Aging analysis for trade accounts receivable were as follows:

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For the year ended 31 December 2019

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		57	-	22,590	19,117
Overdue:					
Less than 3 months		3,680	-	10,083	4,207
3 - 6 months		907	-	-	-
6 - 12 months		-	-	-	3,516
	5	<u>4,644</u>	<u>-</u>	<u>32,673</u>	<u>26,840</u>
Other parties					
Within credit terms		200,703	96,437	94,670	89,691
Overdue:					
Less than 3 months		61,832	24,518	19,565	19,942
3 - 6 months		3,798	4,374	787	3,231
6 - 12 months		1,694	616	720	-
Over 12 months		3,213	389	285	-
		<u>271,240</u>	<u>126,334</u>	<u>116,027</u>	<u>112,864</u>
Less allowance for doubtful accounts		<u>(1,953)</u>	<u>(362)</u>	<u>(285)</u>	<u>-</u>
		<u>269,287</u>	<u>125,972</u>	<u>115,742</u>	<u>112,864</u>
Net		<u>273,931</u>	<u>125,972</u>	<u>148,415</u>	<u>139,704</u>

The normal credit terms granted by the Group ranges from 30 to 180 days.

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	39,741	22,168	23,948	22,168
Work in progress	75,368	1,788	1,495	1,788
Raw materials	184,182	48,965	57,103	48,965
Factory supplies	4,289	4,384	4,289	4,384
Spare parts	1,222	-	-	-
Goods in transit	20,557	4,985	6,457	4,985
	<u>325,359</u>	<u>82,290</u>	<u>93,292</u>	<u>82,290</u>
Less allowance for inventories devaluation	<u>(9,444)</u>	<u>(3,061)</u>	<u>(2,305)</u>	<u>(3,061)</u>
Net	<u>315,915</u>	<u>79,229</u>	<u>90,987</u>	<u>79,229</u>
Inventories recognised as an expense in cost of sales of goods				
- Cost	1,049,274	460,152	526,608	460,116
- Write-down to net realisable value	618	365	-	365
- Reversal of write-down	<u>(756)</u>	<u>-</u>	<u>(756)</u>	<u>-</u>
Net	<u>1,049,136</u>	<u>460,517</u>	<u>525,852</u>	<u>460,481</u>

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9 Investments in subsidiaries

	<i>Note</i>	Separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
At 1 January		9,997	1,000
Acquisition of subsidiaries	4	1,030,000	-
Increase of investment in subsidiary		-	8,997
At 31 December		<u>1,039,997</u>	<u>9,997</u>

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Investments in subsidiaries as at 31 December, and dividend income from those investments for the years then ended, were as follows:

	Ownership interest 2019	Ownership interest 2018 (%)	Paid-up capital				Separate financial statements				At cost - net		Dividend income	
			2019	2018	2019	2018	Cost	2018	2019	Impairment 2019 (in thousand Baht)	2018	2019	2018	2019
Subsidiaries														
E.V.A. International Co., Ltd.	99.97	99.97	10,000	10,000	9,997	9,997	9,997	9,997	9,997	-	9,997	9,997	-	-
PMC Label Materials Co., Ltd.	99.99	-	100,000	100,000	927,000	927,000	-	-	927,000	-	-	-	-	-
PMC Label Materials Pte. Ltd.														
(*Paid-up capital amounting to SGD 2)	100	-	-	-	103,000	-	-	-	103,000	-	-	-	-	-
Total					1,039,997	9,997	9,997	-	1,039,997	-	9,997	9,997	-	-

None of the Group's subsidiaries are publicly listed and consequently do not have published price quotations.

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10 Property, plant and equipment

		Consolidated financial statements						
		Land and land improvement	Buildings and building improvements	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
		<i>(in thousand Baht)</i>						
<i>Cost</i>	<i>Note</i>							
At 1 January 2018		-	42,575	145,938	37,276	26,519	31,780	284,088
Additions		-	140	1,902	1,086	-	5,562	8,690
Transfers		-	3,652	8,623	-	-	(12,275)	-
Disposals		-	-	(4,887)	(3,355)	(3,444)	-	(11,686)
At 31 December 2018 and 1 January 2019		-	46,367	151,576	35,007	23,075	25,067	281,092
Additions		-	120	1,579	547	8,252	14,300	24,798
Acquisitions through business combination	4	86,190	131,903	278,378	12,997	28,553	10,750	548,771
Transfers		-	15,714	32,988	-	-	(48,702)	-
Transfer to investment property		(1,079)	(2,696)	-	-	-	-	(3,775)
Disposals		-	-	(218)	(362)	(23,360)	-	(23,940)
Exchange differences on translating financial statements		-	(51)	(80)	(20)	(90)	-	(241)
At 31 December 2019		85,111	191,357	464,223	48,169	36,430	1,415	826,705
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2018		-	33,051	91,933	21,691	22,293	-	168,968
Depreciation charge for the year	19	-	2,752	12,776	4,810	1,262	-	21,600
Disposals		-	-	(4,743)	(3,354)	(3,443)	-	(11,540)
At 31 December 2018 and 1 January 2019		-	35,803	99,966	23,147	20,112	-	179,028
Depreciation charged for the year	19	-	10,174	21,241	5,107	5,633	-	42,155
Acquisitions through business combination	4	-	60,930	214,287	10,977	20,657	-	306,851
Impairment losses		-	-	594	-	-	-	594
Transfer to investment property		-	(2,023)	-	-	-	-	(2,023)
Disposals		-	-	(218)	(359)	(23,358)	-	(23,935)
Exchange differences on translating financial statements		-	(22)	(34)	(19)	(59)	-	(134)
At 31 December 2019		-	104,862	335,836	38,853	22,985	-	502,536

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	Consolidated financial statements					
	Land and land improvement	Buildings and building improvements	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation
	<i>Note</i>			<i>(in thousand Baht)</i>		Total
<i>Net book value</i>						
At 31 December 2018						
Owned assets	-	10,564	51,610	11,861	530	99,631
Assets under finance leases	-	-	-	-	2,433	2,433
	<u>-</u>	<u>10,564</u>	<u>51,610</u>	<u>11,861</u>	<u>2,963</u>	<u>102,064</u>
<i>Net book value</i>						
At 31 December 2019						
Owned assets	85,112	86,495	128,388	9,315	2,845	313,569
Assets under finance leases	-	-	-	-	10,600	10,600
	<u>85,112</u>	<u>86,495</u>	<u>128,388</u>	<u>9,315</u>	<u>13,445</u>	<u>324,169</u>

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	<i>Note</i>	Separate financial statements					Total
		Buildings and building improvements	Machinery and factory equipment	Office furniture, fixtures and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction and installation	
Cost							
At 1 January 2018		42,575	145,938	37,240	26,519	31,780	284,052
Additions		140	1,902	1,086	-	5,562	8,690
Transfers		3,652	8,623	-	-	(12,275)	-
Disposals		-	(4,887)	(3,355)	(3,444)	-	(11,686)
At 31 December 2018 and 1 January 2019		46,367	151,576	34,971	23,075	25,067	281,056
Additions		120	1,343	385	-	5,644	7,492
Transfers		22	29,274	-	-	(29,296)	-
Disposals		-	(129)	(30)	(12,838)	-	(12,997)
At 31 December 2019		46,509	182,064	35,326	10,237	1,415	275,551
Accumulated depreciation and impairment losses							
At 1 January 2018		33,051	91,933	21,669	22,293	-	168,946
Depreciation charge for the year	19	2,752	12,776	4,798	1,262	-	21,588
Disposals		-	(4,743)	(3,354)	(3,443)	-	(11,540)
At 31 December 2018 and 1 January 2019		35,803	99,966	23,113	20,112	-	178,994
Depreciation charged for the year	19	2,711	13,107	4,350	1,259	-	21,427
Impairment losses		-	594	-	-	-	594
Disposals		-	(130)	(30)	(12,837)	-	(12,997)
At 31 December 2019		38,514	113,537	27,433	8,534	-	188,018

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		Separate financial statements				
	<i>Note</i>	Buildings and building improvements	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation
						Total
Net book value						
At 31 December 2018						
Owned assets						
Assets under finance leases		10,564	51,610	11,858	530	99,628
		<u>10,564</u>	<u>51,610</u>	<u>11,858</u>	<u>2,434</u>	<u>2,434</u>
					<u>2,964</u>	<u>102,062</u>
Net book value						
At 31 December 2019						
Owned assets		7,995	68,527	7,894	603	86,433
Assets under finance leases		<u>7,995</u>	<u>68,527</u>	<u>7,894</u>	<u>1,100</u>	<u>1,100</u>
					<u>1,703</u>	<u>87,533</u>

The gross amount of the Group and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 323 million and Baht 118 million, respectively (2018: Baht 120 million and Baht 120 million).

During 2019, the Group has recognised an impairment loss on property, plant and equipment approximately totalling Baht 0.6 million, which is included in administrative expense in the consolidated statement of income.

Transfer to investment property

During 2019, the Group has transferred land and buildings with the carrying amount of Baht 1.8 million that were held for an undetermined future use to investment property.

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11 Goodwill and Other intangible assets

	<i>Note</i>	Consolidated financial statements				
		Goodwill	Other intangible assets			
			Software licences	Software under installation (in thousand Baht)	Trademark	Customer relationship
						Total other intangible assets
Cost						
At 1 January 2018		-	11,083	105	-	-
Transfers		-	105	(105)	-	-
Disposals		-	(19)	-	-	-
At 31 December 2018 and 1 January 2019			11,169	-	-	11,169
Additions		-	413	1,682	-	-
Acquisitions through business combination	4	378,310	3,089	3,013	77,228	82,791
Transfers		-	4,239	(4,239)	-	-
At 31 December 2019		378,310	18,910	456	77,228	179,385
Amortisation						
At 1 January 2018		-	5,259	-	-	-
Amortisation for the year	19	-	1,408	-	-	-
Disposals		-	(19)	-	-	-
At 31 December 2018 and 1 January 2019			6,648	-	-	6,648
Amortisation for the year	19	-	2,028	-	-	5,519
Acquisitions through business combination	4	-	2,861	-	-	-
At 31 December 2019		-	11,537	-	-	17,056
Net book value						
At 31 December 2018		-	4,521	-	-	-
At 31 December 2019		378,310	7,373	456	77,228	162,329

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		Separate financial statements		
		Software licences	Software under installation	Total
	Note	(in thousand Baht)		
Cost				
At 1 January 2018		11,083	105	11,188
Transfers		105	(105)	-
Disposals		(19)	-	(19)
At 31 December 2018 and 1 January 2019		11,169	-	11,169
Additions		-	455	455
At 31 December 2019		11,169	455	11,624
Amortisation				
At 1 January 2018		5,259	-	5,259
Amortisation for the year	19	1,408	-	1,408
Disposals		(19)	-	(19)
At 31 December 2018 and 1 January 2019		6,648	-	6,648
Amortisation for the year	19	1,349	-	1,349
At 31 December 2019		7,997	-	7,997
Net book value				
At 31 December 2018		4,521	-	4,521
At 31 December 2019		3,172	455	3,627

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Consolidated financial statements 2019 (in thousand Baht)
Manufacturing and distribution of self-adhesive labels business - PMCT	328,684
Distribution of self-adhesive labels business - PMCS	49,626
Total	378,310

The recoverable amount of each CGU was based on its value in use. The key assumptions used in the estimation of value in use were as follows:

- Discount rate was calculated from the weight-average cost of capital (WACC) of PMCT and PMCS, which was equal to 10.5% and 11.5%, respectively;
- Estimated sales and EBITDA growth rate for the next five years were approximately in range of 1% to 3% per year;
- Terminal value growth rate of cash flow was at 1% per year.

The estimated recoverable amount of the CGU exceeded its carrying amount. Therefore, no impairment loss was recognised in financial statements. The management has considered that change in the key assumption of terminal growth rate for goodwill impairment testing by decreasing or increasing 1% per year of terminal growth rate could still cause the estimated recoverable amount to exceed the carrying amount.

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12 Interest-bearing liabilities

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Secured					
Long-term loans from financial institution		636,989	-	185,745	-
		<u>636,989</u>	<u>-</u>	<u>185,745</u>	<u>-</u>
Unsecured					
Short-term loans from financial institutions		37,664	67,216	15,500	67,216
Finance lease liabilities		5,862	1,357	361	1,357
Long-term borrowings from related parties	5	-	-	500,000	-
		<u>43,526</u>	<u>68,573</u>	<u>515,861</u>	<u>68,573</u>
Total interest-bearing liabilities		680,515	68,573	701,606	68,573

Long-term loans from financial institution

The Company and PMC Label Materials Co., Ltd., a subsidiary, have entered into long-term loan agreements with a local financial institution dated on 4 January 2019 and 2 January 2019, respectively, for a total credit facility of Baht 900 million. The objective of the loans is to use as source of fund for business acquisition as described in note 4. The loans bear interest rate at MLR less margin per annum and shall be repayable in 95 monthly equally installments commencing from July 2019. As at 31 December 2019, the Group has unutilised credit facility of Baht 200 million.

The Group's land, machinery, inventories, shares issued by the Company and the subsidiary and claim to receive payment from debtors are used as collateral to secure long-term loans. These loans are guaranteed by the Company and the subsidiary.

Under the terms and conditions of the agreements of long-term loans from financial institution, the Group and the Company shall comply on certain conditions such as maintaining percentage of shareholding and financial ratios.

	Consolidated financial statements					
	2019			2018		
	Minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
<i>Maturity period</i>						
Within 1 year	2,508	269	2,239	1,047	52	995
1 – 5 years	3,983	360	3,623	372	10	362
Total	<u>6,491</u>	<u>629</u>	<u>5,862</u>	<u>1,419</u>	<u>62</u>	<u>1,357</u>

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	Separate financial statements				
	2019		2018		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest
<i>Finance lease liabilities</i>					
<i>Maturity period</i>					
Within 1 year	342	10	332	1,047	52
1 – 5 years	29	-	29	372	10
Total	371	10	361	1,419	62

Changes in liabilities arising from financing activities

	Consolidated financial statements			
	Loans from financial institutions	Borrowings from related parties	Finance lease liabilities	Total
2019				
At 1 January	67,216	-	1,357	68,573
Changes from financing cash flows	603,470	-	(3,782)	599,688
Finance leases	-	-	6,411	6,411
Other non-cash movement	3,967	-	1,876	5,843
At 31 December	674,653	-	5,862	680,515

2018				
At 1 January	2,180	-	2,319	4,499
Changes from financing cash flows	65,036	-	(962)	64,074
At 31 December	67,216	-	1,357	68,573

	Separate financial statements			
	Loans from financial institutions	Borrowings from related parties	Finance lease liabilities	Total
2019				
At 1 January	67,216	-	1,357	68,573
Changes from financing cash flows	133,904	500,000	(1,047)	632,857
Other non-cash movement	125	-	51	176
At 31 December	201,245	500,000	361	701,606

2018				
At 1 January	2,180	-	2,319	4,499
Changes from financing cash flows	65,036	-	(962)	64,074
At 31 December	67,216	-	1,357	68,573

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13 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	5	648	453	629	453
Others					
Investment payable		206,000	-	206,000	-
Other payables		10,293	16,362	7,065	16,341
Accrued operating expenses		8,451	2,209	1,636	2,156
Advance received		2,245	2,905	1,461	2,890
Other		10	31	10	31
		123,999	21,507	113,172	21,418
Total		227,647	21,960	216,801	21,871

14 Non-current provisions for employee benefits

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Post-employment benefits		15,748	8,088	12,230	8,088
Total		15,748	8,088	12,230	8,088

Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Present value of the defined benefit obligations

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
At 1 January		8,088	10,362	8,088	10,362
Include in profit or loss:					
Current service cost		2,987	2,511	2,650	2,511
Past service cost		2,644	-	1,963	-
Interest on obligation		363	198	265	198
		5,994	2,709	4,878	2,709
Included in other comprehensive income					
Actuarial gains		-	(432)	-	(432)
- Financial assumptions		-	(412)	-	(412)
- Experience adjustment		-	(2,213)	-	(2,213)
		-	(3,057)	-	(3,057)

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On 5 April 2019, the Labor Protection Act was amended 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. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

	Consolidated financial statements			
<i>Effect to the defined benefit obligation</i>	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2019	2018	2019	2018
	(in thousand Baht)			
Discount rate	(1,445)	(619)	1,680	707
Future salary growth	1,750	670	(1,942)	(596)

	Separate financial statements			
<i>Effect to the defined benefit obligation</i>	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(962)	(619)	1,100	707
Future salary growth	1,168	670	(1,035)	(596)

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15 Share capital

	Par value per share (in Baht)	2019 Number Amount (thousand shares /in thousand Baht)		2018 Number Amount	
<i>Authorised</i>					
At 1 January					
- ordinary shares	0.5	280,000	140,000	280,000	140,000
Increase of new shares					
- ordinary shares	0.5	<u>38,000</u>	<u>19,000</u>	<u>-</u>	<u>-</u>
At 31 December					
- ordinary shares	0.5	<u>318,000</u>	<u>159,000</u>	<u>280,000</u>	<u>140,000</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.5	280,000	140,000	280,000	140,000
Issue of new shares					
- ordinary shares	0.5	<u>9,999</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
At 31 December					
- ordinary shares	0.5	<u>289,999</u>	<u>145,000</u>	<u>280,000</u>	<u>140,000</u>

On 4 April 2019, the annual general meeting of shareholders approved the increase of the Company's registered capital of Baht 140 million to Baht 159 million by issuing new 38 million ordinary shares at a par value of Baht 0.5 per share and allocating the newly issued ordinary shares in the amount not exceeding 28 million shares at the par value of Baht 0.5 per share in the form of a General Mandate and approved the increase of the registered capital of Baht 5 million by issuing ordinary shares of no more than 10 million shares with a par value of Baht 0.5 per share to support the stock dividend payment from the unappropriated retained earnings. The Company registered the increase of capital with the Ministry of Commerce on 7 May 2019.

16 Reserve

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 authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to Thai Baht.

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17 Segment information

Since the first quarter of 2019, the Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions are managed separately because they require different technologies and marketing strategies. For each of the strategic divisions, the chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Production and distribution of adhesive for industrial use
- Segment 2 Production and distribution of self-adhesive labels

Information regarding the results of each reportable segment is included below. Performance is measured based on segment earnings before interest, taxes, depreciation and amortisation (EBITDA) as included in the internal management reports that are reviewed by the Group's operation head. Segment EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments

<i>For the year ended 31 December</i>	Adhesive for industrial use		Self-adhesive labels		Total reportable segments		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>										
External revenues - oversea										
- Asia	113,138	109,157	241,448	-	354,586	109,157	-	-	354,586	109,157
- Australia	59,240	47,852	8,658	-	67,898	47,852	-	-	67,898	47,852
- Africa	61,568	58,027	-	-	61,568	58,027	-	-	61,568	58,027
- America	14,102	12,937	-	-	14,102	12,937	-	-	14,102	12,937
- Others	11,824	11,318	-	-	11,824	11,318	-	-	11,824	11,318
	259,872	239,291	250,106	-	509,978	239,291	-	-	509,978	239,291
External revenues - local	354,047	355,856	524,874	-	878,921	355,856	-	-	878,921	355,856
Inter-segment revenue	70,295	-	45	-	70,340	-	(70,340)	-	-	-
Total segment revenue	684,214	595,147	775,025	-	1,459,239	595,147	(70,340)	-	1,388,899	595,147
EBITDA	103,104	11,581	125,502	-	228,606	11,581	(33,444)	-	195,162	11,581
Profit (loss) before tax expense	34,962	(11,664)	81,592	-	116,554	(11,664)	(12,579)	-	103,975	(11,664)
Segment assets as at 31 December	1,423,147	544,592	1,718,037	-	3,141,184	544,592	(1,547,688)	-	1,593,496	544,592
Segment liabilities as at 31 December	1,043,659	195,284	634,269	-	1,677,928	195,284	(516,889)	-	1,161,039	195,284

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The Group manages its business and operates manufacturing facilities principally in Thailand. There are no material non-current assets located in foreign countries.

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

18 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Wages and salaries		118,027	87,346	73,829	83,279
Defined benefit plans	14	5,994	2,709	4,878	2,709
Defined contribution plans		1,793	2,615	1,364	2,468
Employee Joint Investment Program		1,374	-	1,374	-
Others		10,532	4,727	3,684	4,700
Total		137,720	97,397	85,129	93,156

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 3% of their basic salaries and by the Group at rates ranging from 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

19 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		930,148	391,825	406,666	391,825
Changes in inventories of finished goods and work in progress		(9,257)	15,533	66,562	15,498
Employee benefit expenses	18	137,720	97,397	85,129	93,156
Depreciation and amortisation	10, 11	49,702	23,008	22,776	22,996
Transportation expenses		13,189	6,378	6,127	5,461
Consultancy and advisory fees		5,803	21,893	3,814	21,893
(Reversal of) bad and doubtful debts expenses	7	(257)	(551)	285	(914)
Others		125,279	55,629	49,943	54,764
Total cost of sales of goods, distribution costs and administrative expenses		1,252,327	611,112	641,302	604,679

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20 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	21,762	-	4,905	-
Deferred tax expense				
Movements in temporary differences	(3,597)	(736)	(679)	(736)
Total tax expense (income)	18,165	(736)	4,226	(736)

Consolidated and Separate financial statements						
2019			2018			
Tax			Tax			
Before	(expense)	Net of	Before	(expense)	Net of	
tax	benefit	tax	tax	benefit	tax	
<i>(in thousand Baht)</i>						
Income tax						
Recognised in other comprehensive income						
Defined benefit plan actuarial gains	-	-	-	3,057	(611)	2,446
Total	-	-	-	3,057	(611)	2,446

Reconciliation of effective tax rate

Consolidated financial statements				
2019		2018		
Rate	(in thousand	Rate	(in thousand	
(%)	Baht)	(%)	Baht)	
Profit (loss) before income tax expense	103,975		(11,664)	
Income tax using the Thai corporation tax rate	20	20	(2,333)	
Effect of different tax rates in foreign jurisdictions	(52)		-	
Income not subject to tax or double deductible expenses	(1,673)		(1,568)	
Expenses not deductible for tax purposes	1,088		644	
Utilisation of unrecognised tax losses	(2,043)		-	
Current year losses for which no deferred tax asset was recognised	50		2,521	
Total	18	6	(736)	

Reconciliation of effective tax rate

Seperated financial statements				
2019		2018		
Rate	(in thousand	Rate	(in thousand	
(%)	Baht)	(%)	Baht)	
Profit (loss) before income tax expense	35,214		(8,871)	
Income tax using the Thai corporation tax rate	20	20	(1,774)	
Income not subject to tax or double deductible expenses	(1,026)		(1,568)	
Expenses not deductible for tax purposes	252		563	
Utilisation of unrecognised tax losses	(2,043)		-	
Current year losses for which no deferred tax asset was recognised	-		2,043	
Total	12	8	(736)	

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2018						
Deferred tax assets						
Trade accounts receivable	19	(19)	-	-	-	-
Inventories	-	612	-	-	-	612
Provisions for employee benefits	2,116	112	(611)	-	-	1,617
Others	61	30	-	-	-	91
Total	2,196	735	(611)	-	-	2,320

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A subsidiary has not recognised deferred tax assets from tax loss of Baht 2.6 million (*31 December 2018: Baht 2.4 million*) because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom. The tax loss will expire in 2024 (*31 December 2018: expire in 2023*).

21 Earnings (losses) per share

The calculations of basic earnings (losses) per share for the year ended 31 December were based on the profit (loss) for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year, after adjusting for the change in the number of ordinary shares as a result of the increase in registered capital arising from the payment of stock dividend of 10 million shares on 26 April 2019, as described in notes 15 and 22. The number of ordinary shares used in calculations of earnings (losses) per share for the comparative previous period has been adjusted as if the event had occurred at the beginning of the earliest reporting period as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company	<u>85,810</u>	<u>(10,927)</u>	<u>30,988</u>	<u>(8,135)</u>
Number of ordinary shares outstanding during the year	<u>289,999</u>	<u>289,999</u>	<u>289,999</u>	<u>289,999</u>
Basic earnings (losses) per share (in Baht)	<u>0.296</u>	<u>(0.038)</u>	<u>0.107</u>	<u>(0.028)</u>

22 Dividends

At the annual general meeting of the shareholders of the Company held on 4 April 2019, the shareholders approved the unappropriated retained earnings of 2018 in the amount of not more than 10 million shares with a par value of Baht 0.50 per share to shareholders, at the rate of 28 existing shares per 1 stock dividend and pay cash dividend at the rate of Baht 0.001984 per share or a total amount of not more than Baht 0.6 million. The dividends were paid to shareholders on 26 April 2019.

At the annual general meeting of the shareholders of the Company held on 5 April 2018, the shareholders approved the unappropriated retained earnings of 2017 at the rate of Baht 0.027 per share, totalling Baht 7.6 million. The dividends were paid to shareholders on 26 April 2018.

23 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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. The Group is primarily exposed to interest rate risk from loans to related parties and loans from financial institutions as at 31 December 2019 as disclosed in Note 5 and Note 12, respectively.

The effective interest rates of interest-bearing debts as at 31 December and maturity period were as follows:

		Consolidated financial statements			
		Maturity period			
At 31 December	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years		Total
			(in thousand Baht)		
2019					
Financial Liabilities					
Loans from financial institutions	3.94 - 4.30 MLR-0.5	157,228	491,608	25,817	674,653
Total		157,228	491,608	25,817	674,653
2018					
Financial Liabilities					
Loans from financial institutions	4.25 - 4.30	67,216	-	-	67,216
Total		67,216	-	-	67,216
		Separate financial statements			
		Maturity period			
At 31 December	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years		Total
			(in thousand Baht)		
2019					
Financial Liabilities					
Loans from financial institutions	4.30 MLR-0.5	42,133	133,295	25,817	201,245
Loans from related parties	MLR-0.45	-	-	500,000	500,000
Total		42,133	133,295	525,817	701,245
2018					
Financial Liabilities					
Loans from financial institutions	4.25 - 4.30	67,216	-	-	67,216
Total		67,216	-	-	67,216

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year 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 as disclosed in Note 24.

<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018 (in thousand Baht)	2019	2018
<i>United States Dollars</i>				
Cash and cash equivalents	14,320	27,847	2,914	19,742
Trade accounts receivable	92,955	59,834	58,497	46,726
Trade accounts payable	65,581	35,434	33,173	35,434
Short-term loans from financial institutions	22,164	-	-	-
<i>Euro</i>				
Trade accounts receivable	762	2,303	762	2,303
Trade accounts payable	175	-	175	-
<i>Japanese yen</i>				
Cash and cash equivalents	63	-	63	-
Trade accounts payable	66	-	66	-
<i>Singapore Dollar</i>				
Cash and cash equivalents	8	7	5	7
Trade accounts receivable	50	-	-	-
<i>Others</i>				
Cash and cash equivalents	41	3	38	3
Trade accounts payable	8	-	-	-
Gross balance sheet exposure	196,193	125,428	95,693	104,215

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

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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.

Carrying amount 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
<i>Financial assets and financial liabilities measured at fair value</i>					
Long-term loans from financial institutions	(636,989)	-	(636,989)	-	(636,989)
Foreign currency forward contracts	129	-	129	-	129
31 December 2018					
<i>Financial assets measured at fair value</i>					
Foreign currency forward contracts	12	-	12	-	12
Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
<i>Financial assets and financial liabilities measured at fair value</i>					
Long-term loans from financial institutions	(185,745)	-	(185,745)	-	(185,745)
Long-term loans from related parties	(500,000)	-	(500,000)	-	(500,000)
Foreign currency forward contracts	134	-	134	-	134
31 December 2018					
<i>Financial assets measured at fair value</i>					
Foreign currency forward contracts	(11)	-	(11)	-	(11)

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Financial instruments measured at fair value

Type	Valuation technique
Foreign currency forward contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

24 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not recognised:</i>				
Machinery and equipment under installation	282	340	282	340
Total	282	340	282	340
Future minimum lease payments under non-cancellable operating leases				
Within 1 year	1,988	1,174	1,118	1,174
1 - 5 years	1,582	197	1,582	197
Total	3,570	1,371	2,700	1,371
Other commitments				
Unused letters of credit for goods and raw materials	50,599	11,443	10,770	11,443
Bank guarantees	2,981	1,002	1,181	1,002
Total	53,580	12,445	11,951	12,445

Foreign currency forward contracts

The Group and the Company have entered into foreign currency forward contracts with local financial institutions. The detail of the contracts as at 31 December are as follows:

	Consolidated financial statements			
	Foreign currency		Equivalent to Baht	
	2019	2018	2019	2018
	<i>(in thousand)</i>		<i>(in thousand Baht)</i>	
Currency forwards purchase				
United States Dollar	-	200	-	6,524
Currency forwards sales				
United States Dollar	1,614	404	48,649	13,061
Singapore Dollar	424	-	9,337	-

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	Separate financial statements			
	Foreign currency		Equivalent to Baht	
	2019	2018	2019	2018
	(in thousand)		(in thousand Baht)	
<i>Currency forwards purchase</i>				
United States Dollar	-	200	-	6,524
<i>Currency forwards sales</i>				
United States Dollar	1,015	350	30,566	11,290

The above contracts will be gradually due within June 2020 (31 December 2018: due within June 2019).

25 Events after the reporting period

At the Board of Directors Meeting held on 25 February 2020, the Board of Directors passed the resolution to propose to the Annual General Shareholders' Meeting for approval the appropriation of profit from the 2019 retained earnings of the Company to pay cash and stock dividends and the change of the Company's registered capital. The details are as follows:

(a) Stock dividends

- 1) Dividend payment as ordinary shares of the Company from the unappropriated retained earnings at the end of 2019 in the amount of not more than 40,000,000 shares with a par value of Baht 0.50 per share to the shareholders, at the rate of 7.249986 existing shares per 1 stock dividend. Total amount not exceeding Baht 20 million or equivalent to the dividend payment rate of Baht 0.0689656 per share. In the case that any shareholder has fraction of shares from the stock dividend allocation, the dividend will be paid in cash at the rate of Baht 0.0689656 per share instead.
- 2) Pay cash dividend at the rate of Baht 0.0076628 per share, or a total amount of not more than Baht 22,222,222.22 including 1) and 2), which is a dividend payment of Baht 0.076628 per share, or a total amount of not more than Baht 22,222,222.22. All dividends are subject to withholding tax at the rate as required by law.
- 3) The date for closing the share registration book to determine the shareholders' rights to receive the dividend on 16 April 2020 and determine the dividend payment date on 29 April 2020.

(b) Decrease of registered capital

The reduction of the registered capital of the Company by reducing the registered capital of the Company by Baht 14,000,272.50 from the original registered capital of Baht 159,000,000 to a new registered capital of Baht 144,999,727.50 by cutting the ordinary shares that have not been issued. Which remained from the allocation of 28,000,000 ordinary shares under general mandate and the remaining dividend payment of 545 shares to 289,999,455 shares.

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(c) Increase of registered capital

- 1) The increase of the registered capital of the Company in the form of general mandate from the original registered capital of Baht 144,999,727.50 to Baht 178,999,727.50 by issuing 68,000,000 ordinary shares at a par value of Baht 0.50 per share in the amount not exceeding 28,000,000 shares in the form of a general capital increase to sell shares to private placement. In this regard, the Company will allocate the issued ordinary shares in the form of general mandate. The paid-up capital of the Company shall not exceed Baht 14,000,000 which is not more than 10 percent of the paid-up capital on the date that the Board of Directors resolved to increase the general mandate, which is equal to 28,000,000 shares.
- 2) The increase of the registered capital of Baht 20,000,000 by issuing ordinary shares of no more than 40,000,000 shares with a par value of Baht 0.50 per share to support the stock dividend payment.

26 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These 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. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

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Notes to the financial statements
For the year ended 31 December 2019

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 5. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

Management has preliminarily assessed the impact of initially applying TFRS 16 on the financial statements in the initial period adopted and expects that the Group will recognise right-of-use assets and the increase of lease liabilities approximately Baht 27.5 million.

27 Reclassification of accounts

Certain accounts in the 2018 financial statements, which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before Reclassification	Reclassification	After Reclassification	Before Reclassification	Reclassification	After Reclassification
	<i>(in thousand Baht)</i>					
<i>Statement of financial position</i>						
Trade accounts receivable	-	125,972	125,972	-	139,704	139,704
Other receivables	-	4,435	4,435	-	4,410	4,410
Trade and other receivables	130,382	(130,382)	-	144,114	(144,114)	-
VAT receivable	14,064	(14,064)	-	4,473	(4,473)	-
Other current assets	191	14,039	14,230	166	4,473	4,639
Trade accounts payable	-	96,002	96,002	-	96,002	96,002
Other payables	-	21,960	21,960	-	21,871	21,871
Trade and other payables	116,104	(116,104)	-	116,017	(116,017)	-
Payable for equipment	518	(518)	-	518	(518)	-
Other current liabilities	2,001	(1,340)	661	1,999	(1,338)	661
		<u>-</u>			<u>-</u>	
<i>Statement of income</i>						
Net foreign exchange gain	-	1,370	1,370	-	1,015	1,015
Other income	4,620	(1,416)	3,204	4,227	(1,059)	3,168
Cost of sales of goods	(457,539)	(2,978)	(460,517)	(457,503)	(2,978)	(460,481)
Administrative expenses	(139,447)	3,024	(136,423)	(133,965)	3,022	(130,943)
		<u>-</u>			<u>-</u>	