

**CPL GROUP PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

**1. General Information**

CPL Group Public Company Limited (“the Company”) is a juristic person incorporated in Thailand which was registered as a public company limited in accordance with Public Limited Companies Act. The address of the registered head office of the Company locates at 700 Moo 6 Sukhumvit Road, Bangpoo-Mai, Mueang Samutprakan, Samutprakan, Thailand.

The Company was listed on the Stock Exchange of Thailand on 19 December 1994.

The Company has operations and principal activities to engage in businesses of manufacturing and distribution of leather products, rendering of tanning service and manufacturing and distribution of personal protective equipment.

As at 31 December 2019 and 2018, the major shareholder of the Company is Wongcharoensin Group.

**2. Basis of Preparing the Financial Statements**

- 2.1 These financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King (“Federation of Accounting Professions”), and applicable rules and regulations of the Securities and Exchange Commission.
- 2.2 The classification in the financial statements is in compliance with the Notification of the Department of Business Development regarding mandatory summary items in a financial statement.
- 2.3 These financial statements are presented in Thailand Baht, which is the functional currency and the presentation currency of the Company.
- 2.4 The financial statements in Thai language is the official statutory financial statements of the Company.  
The financial statements in English language has been translated from the financial statements in Thai language.

**3. Adoption of New Financial Reporting Standards**

The Company has applied the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2019 with no material impact on the financial report that include applying Thai Financial Reporting Standard 15 “Revenue from Contracts with Customers” which supersedes other standards as follows:

Thai Accounting Standard 11 (revised 2017)	“Construction Contracts”
Thai Accounting Standard 18 (revised 2017)	“Revenue”
TSIC Interpretation 31 (revised 2017)	“Revenue – Barter Transactions Involving Advertising Services”
TFRIC Interpretation 13 (revised 2017)	“Customer Loyalty Programmes”
TFRIC Interpretation 15 (revised 2017)	“Agreements for the Construction of Real Estate”
TFRIC Interpretation 18 (revised 2017)	“Transfers of Assets from Customers”

In applying of Thai Financial Report Standard 15 “Revenue from Contracts with Customers”, the Company is required to adopt the new accounting policies as in Note 5.16 and 5.17.

The Company has elected to apply Thai Financial Report Standard 15 “Revenue from Contracts with Customers” retrospectively with the cumulative effect of initially applying Thai Financial Report Standard 15 “Revenue from Contracts with Customers” recognized as at 1 January 2019 as an adjustment to the opening balance of retained earnings (or other components of shareholders’ equity, as appropriate) of the financial statement for the year ended 31 December 2019. However, the Company does not have any adjustment to the opening balance as at 1 January 2019 of retained earnings nor other components of shareholders’ equity because such cumulative effect is immaterial.

For the year ended 31 December 2019, there is no material effect on the financial report for the current period by the application of Thai Financial Report Standard 15 “Revenue from Contracts with Customers” as compared to other standards that were in effect before the change.

#### **4. New Financial Reporting Standards that have been issued but are not yet effective**

The Federation of Accounting Professions has issued the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2020 which the Company has not early adopted and expects to adopt in the period when they become effective.

New financial reporting standards which are expected to have the impact on the financial statements when they become effective, are summarized as follows:

##### **4.1 Thai Financial Reporting Standards – Group of Financial Instruments**

This group financial reporting standards consists of:

Thai Accounting Standard 32	“Financial Instruments: Presentation”
Thai Financial Reporting Standard 7	“Financial Instruments: Disclosures”
Thai Financial Reporting Standard 9	“Financial Instruments”
TFRIC Interpretation 16	“Hedges of a Net Investment in a Foreign Operation”
TFRIC Interpretation 19	“Extinguishing Financial Liabilities with Equity Investments”
Thai Accounting Guidance “Financial Instruments and Disclosures for Insurance Business”	

This group financial reporting standards supersedes other standards as follows:

Thai Accounting Standard 101	“Doubtful Accounts and Bad Debts”
Thai Accounting Standard 103	“Disclosures in the Financial Statements of Banks and Similar Financial Institutions”
Thai Accounting Standard 104 (revised 2016)	“Accounting for Troubled Debt Restructuring”
Thai Accounting Standard 105 (revised 2016)	“Accounting for Investments in Debt and Equity Securities”
Thai Accounting Standard 106	“Accounting for Investment Entities”
Thai Accounting Standard 107 (revised 2016)	“Financial Instruments: Disclosure and Presentation”
Thai Interpretation 9	“Assets Transferred by Debtors for Debt Settlement”
Thai Accounting Guidance “Derecognition of Financial Assets and Financial Liabilities”	
Thai Accounting Guidance “Insurance Business to Designation of Financial Instruments at Fair Value through Profit or Loss”	
Thai Accounting Guidance “Treasury Stock”	

In applying of this group of financial report standards, the Company will be required to change the accounting policies related to the transactions as follows:

- Classification and measurement of investments in debt and equity instruments which has to classify as financial assets measured at amortized cost, financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income. If the Company has elected to present subsequent changes in fair value of any investments through other comprehensive income, it is irrevocable.
- Impairment of financial assets which has to recognize the allowance for expected credit losses on financial assets that no longer necessary for an incurred credit loss event to have occurred, and will be remeasured on every reporting date to reflect the changes in credit risk since initial recognition.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this group of financial reporting standards in the period when they become effective.

#### 4.2 Thai Financial Reporting Standard 16 “Lease”

This financial reporting standard supersedes other standards as follows:

Thai Accounting Standard 17 (revised 2018)	“Leases”
TSIC Interpretation 15 (revised 2018)	“Operating Leases – Incentives”
TSIC Interpretation 27 (revised 2018)	“Evaluating the Substance of Transactions Involving the Legal Form of a Lease”
TFRIC Interpretation 4 (revised 2018)	“Determining whether an Arrangement contains Lease”

In applying of this financial report standard, the Company will be required to change the accounting policies related to the accounting for lessee which has to recognize assets and liabilities for all leases that have the lease term more than 12 months except for which the underlying assets are of low value. Where the Company is lessee, has to recognize a right-to-use asset that represents a right to use an underlying asset and a lease liability that represent an obligation to lease payments.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this financial reporting standard in the period when they become effective.

## 5. Summary of Significant Accounting Policies

### 5.1 Measurements Bases used in preparing the Financial Statements

Measurement bases used in preparing the financial statements are historical cost measurement basis and combination of variety measurement bases used. For items that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

### 5.2 Foreign Currency Transactions

Foreign currency transactions are initially recognized by translated into Thailand Baht using the spot exchange rate at the date of the transaction.

Foreign currency monetary items at the end of period are translated into Thailand Baht using the closing rate.

Exchange rate differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss for the period which the transactions occur.

### 5.3 Financial Instruments

Non-derivative financial instruments will be recognized in the statement of financial position. Derivative financial instruments will not be recognized in the statement of financial position.

Financial assets which are recognized in the statement of financial position consist of cash and cash equivalents, trade and other receivables and loans. Financial liabilities which are recognized in the statement of financial position consist of defaulted liabilities, overdrafts trade and other payables borrowings and finance lease liabilities. The particular accounting policies have been disclosed in each relating item.

Foreign currency forward contracts have been used to manage the risk from the fluctuation of exchange rate which foreign currency forward contracts will set the future exchange rate that assets or liabilities denominated in foreign currencies will be received or paid. Fair value of foreign currency forward contract at the end of the period will be presented in the notes to the financial statements and realized gain or loss on foreign currency forward contracts will be recognized in profit or loss for the period which they are received or paid.

### 5.4 Cash and Cash Equivalents

Cash and cash equivalents include financial institution deposits in type of current accounts, savings accounts, and not over than 3 months fixed accounts without guarantee obligation, excluding overdrafts which are presented as current liabilities.

### 5.5 Trade and Other Receivables

Trade and other receivables are stated at the net realizable value.

Allowance for doubtful accounts is estimated from each receivable that are not expected to be repayable.

### 5.6 Inventories

Inventories are stated at the lower of cost by weighted average method or net realizable value.

### 5.7 Investments in Associates

Investments in associates are stated by equity method which is initially recognized at cost and adjusted after the acquisition date by recognition of the Company's share of profit or loss or other comprehensive income of associates in these associates. Distribution or dividend received from associates will be reduced the carrying amount of those investments in associates.

When the Company's share of loss of a associate equals or exceeds the Company's interests in that associate (together with any long-term interests that, in substance, form part of the Company's net investment in that associate), the Company will discontinue recognizing the Company's share of loss in excess of the interests in that associate. After the Company's interests is reduced to zero, the Company will recognize share of additional loss as liabilities only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the Company's associate subsequently reports profit, the Company's will resume recognizing the Company's share of profit only after the share of profit equals the share of loss not recognized.

## 5.8 Investment Property

Investment property is land and land improvements which the Company has currently held without specific purpose of use in the future and/or to earn rental income or for asset appreciation, is stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives of 10 – 30 years.

## 5.9 Property, Plant and Equipment

Property, plant and equipment are stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives as follows:

- Buildings and Building Improvements	3 – 20 years
- Machines and Equipment	5 – 20 years
- Tools	5 years
- Fixtures and Office Equipment	3 – 10 years
- Vehicles	5 – 7 years

There is no depreciation for land and land improvement and assets under construction.

Depreciation of assets arising in the period which it is used to produce other asset are capitalized as part of cost of that other asset which will cease the capitalization when that other asset is ready for intended use.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably.

Repair and maintenance are recognized as expenses in profit or loss for the period in which they are incurred.

The carrying amount of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of property, plant and equipment is the difference between the net disposal proceeds (if any) and the carrying amount of that asset and recognized in profit or loss when that asset is derecognized.

## 5.10 Intangible Assets

Intangible assets which are separately acquired with definite useful lives are stated at initial cost deducted by the accumulated amortization and the accumulated impairment loss (if any).

Amortization is calculated on a straight-line method over the approximate useful life of 5 years.

## 5.11 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss will be recognized immediately in profit or loss.

### Recoverable Amount

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use of an asset by estimating the present value of expected future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

An asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for a cash-generating unit to which the asset belongs.

### Reversal of Impairment Loss

Impairment loss of assets other than goodwill recognized in the prior period shall be reversed if, and only if, there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized, which shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

Reversal of impairment loss shall be recognized immediately in profit or loss.

## 5.12 Leases

### Where the Company as Lessee

Leases which transferred substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases, are recognized as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be recognized as expenses in profit or loss for the period in which they are incurred. The assets acquired under finance leases will be depreciated or amortized throughout the useful lives of leased assets. However, if there is no reasonable certainty that the Company will be obtain the ownership by the end of the lease term, depreciation or amortization shall be fully calculated over the shorter of the lease term or the approximate useful life of leased asset.

Leases which the substantial risks and rewards incidental to ownership still remain with the lessor are classified as operating leases. Payments under operation lease (net of any incentives received from the lessor) are recognized as expenses in profit or loss on a straight-line method over that lease term.

## 5.13 Employee Benefits

### Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses in profit or loss for the period in which they are incurred.

### Post-Employment Benefits

#### - Defined Contribution Plans

The Company has obligations under the defined contribution plan for monthly contribution payable to the provident fund which the Company and employees have jointly established in accordance with the provident fund law that the employees are taken the significant actuarial risk and investment risk. The employees will obtain only the retirement benefits from the assets of the provident fund which are separate from the assets of the Company in accordance with the regulation of the fund.

Contributions for defined contribution plan are recognized as expenses in profit or loss for the period in which they are incurred.

#### - Defined Benefit Plans

The Company has obligations under the defined benefit plan for severance pay which have to pay to employees when retirement in accordance with the labour law that the Company is taken the significant actuarial risk and investment risk. The Company has to provide the agreed benefits to employees.

Defined benefit liability is determined the present value of defined benefit obligations by actuarial techniques using the projected unit credit method.

Service costs and interest costs on defined benefit liability are recognized as expenses in profit or loss in which they are incurred.

Gain or loss on remeasurement of defined benefit liability is recognized in other comprehensive income for the period which it occurs and shall not be reclassified to profit or loss in a subsequent period which is included immediately in retained earnings (deficits).

### 5.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Reimbursement is recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Company settles the obligation, but not exceed the amount of related provision.

### 5.15 Appropriation of Legal Reserve

Appropriation of legal reserve is in accordance with the public limited companies law, which will be appropriated when it is approved by the shareholders' meeting. This legal reserve shall not be distributed as dividend.

### 5.16 Revenue Recognition

#### Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the Company satisfies a performance obligation by transferring a promised goods or service (i.e. an asset) to customer which an asset is transferred when the customer obtains control of that asset, and measured at the amount of the transaction price that is allocated to that performance obligation.

- Revenue from Sales of Goods

The Company has charged the goods from customers for promised goods to customers which are typically performance obligations satisfied at a point in time.

The Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product, thence the transaction price includes a variable consideration of refunds, credits or price concessions to customer which the Company has estimated the amount of variable consideration by using the most likely amount method to recognize the refund liabilities and the related right to recover returned products.

Revenue from sales of goods are recognized when the goods are transferred to customers.

- Revenue from Rendering of Services

The Company has charged the services from customers for promised services to customers which the Company has rights to consideration from customers in the amounts that corresponds directly with the value to the customers of the Company's performance completed to date which are typically performance obligations satisfied over time.

Revenue from rendering of services are recognized when the services are rendered to customers in the amounts to which the Company has rights to invoice.

#### Rental Income

Rental income is recognized by a straight-line method over the lease term.

#### Interest Income

Interest income is recognized on the effective interest rate.

#### Dividend Income

Dividend income is recognized when the Company has the right to receive dividend.

### 5.17 Incremental Costs of Obtaining Contracts with Customers

- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of over 1 year, are recognized as assets and amortized as expenses on a straight-line basis throughout the period of contracts with customers.
- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of 1 year or less, are recognized as expenses when incurred, as the practical expedient.

### 5.18 Income Tax

Income tax comprises current tax and deferred tax, is recognized in profit or loss except to the extent that it related to a business combinations, or items recognized in other comprehensive income or recognized directly in shareholders' equity which shall be also recognize in other comprehensive income or recognized directly in shareholders' equity.



### Current Tax

Current tax is recognized at the amount expected to be paid to or recovered from the taxation authorities which is calculated in respect of the taxable profits in accordance with the regulation in tax laws using the tax rates that have been enacted by the end of the reporting period.

### Deferred Tax

Deferred tax is recognized by the statement of financial position liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

Deferred tax assets will be recognized only if it is probable that future taxable profit will be available to utilize the tax benefits. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period to the extent that equals to the probable amount of sufficient future taxable profit which the tax benefits can be utilized.

#### 5.19 Earnings (Loss) per Share

Basic earnings (loss) per share are calculated by dividing profit or loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no calculation of diluted earnings (loss) per share because it has no dilutive potential ordinary shares.

#### 5.20 Fair Value Measurement

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

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

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets or liabilities.

At the end of each reporting period, the Company will determine the necessary of any transfers between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5.21 Significant Accounting Judgments and Estimates Used

In order to prepare the financial statements to comply with financial reporting standards, the management of the Company always has to use judgments and estimates on uncertainties. These judgments and estimates used may have an effect on the amount and disclosures shown in the financial statements. The actual result may differ from the estimated amount.

### Significant Judgments Used

Information about the significant judgments used in the process of applying the accounting policies that have significant effects on the amounts recognized in the financial statements is as follows:

#### - Variable Consideration from Sales of Goods

The management of the Company has used the judgment in assessing the variable consideration of refunds, credits or price concessions to customer in accordance with the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product so as to estimate the amount of variable consideration from sales of goods by using the most likely amount method to include as transaction price in the recognition of revenue from sales of goods, refund liabilities and the related right to recover returned products.

#### - Leases

The management of the Company has used the judgment in assessing the terms and conditions of each lease so as to classify the lease as finance lease or operating lease.

### Key Assumptions and Estimation Uncertainties

Information about the key assumptions and estimation uncertainties that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next accounting year is as follows:

#### - Variable Consideration from Sales of Goods

In the sale of goods, the Company has the business practices to grant the price concessions or the right to return the products for reason of dissatisfaction with the product which the complaint on quality will mostly occur within 3 months after the goods delivery.

The management of the Company has used the comparing the rate of returned goods and discount on sales for the last 3 months of each reporting period and the returned goods and discount after that reporting period and the rate of cost of returned goods as key assumptions in estimating the amount of variable consideration from sales of goods to include as transaction price in the recognition of revenue from sales of goods, refund liabilities and the related right to recover returned products..

- Net Realizable Value of Inventories

In the sale of goods, the Company has the pricing in foreign currencies on the market price which is fluctuated by the economic circumstances and exchange rate at that time.

The management of the Company has used the selling price and cost directly relating to the sale of goods occurring after the ended of reporting period, the rate of distribution costs for the year and exchange rate at that transaction date as key assumptions in estimating the value of net realizable value of inventories.

- Post-Employment Benefits – Defined Benefit Plans

In the determining of present value of defined benefit obligations, the Company has to set the actuarial assumptions which are the best estimate on salary increase rate, mortality rate, disability rate and employee turnover rate used in estimating the expected future cash flows and discount rate used in determining the present value of expected future cash flows.

The management of the Company has used the yield on the government bonds that have term to maturity similar to the weighted average duration of defined benefit obligations which reflects the present economic circumstances as discount rate and expected salary increase rate, employee turnover rate, disability rate and mortality rate in the long-run view to comply with the characteristic of the plan which has the long term as key assumptions in the determining of present value of defined benefit obligations.

- Deferred Tax Assets

In the recognition of deferred tax assets, the Company has considered the probable amount of sufficient future taxable profit that can utilize the tax benefits from deferred tax assets which will be reviewed at the end of each reporting period.

The management of the Company has used the financial performance projection as key assumption in the estimating of recognized deferred tax assets in the financial statements.

## 6. Cash and Cash Equivalents

Consist of:

	As at 31 December 2019	As at 31 December 2018
	Baht	Baht
Cash	790,259.40	1,355,657.60
Deposits at Financial Institutions – Current Accounts	13,779,486.43	82,368,727.59
Deposits at Financial Institutions – Savings Accounts	27,023,938.58	61,913,858.18
Matured Cheques Receivable	760,202.39	-
Total	<u>42,353,886.80</u>	<u>145,638,243.37</u>

## 7. Trade and Other Current Receivables

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trade Receivables		
Trade Receivables – Domestic	117,667,732.44	105,364,502.49
Trade Receivables – Overseas	122,319,149.19	354,238,129.66
Post-Date Cheques Receivable	4,516,576.00	14,160,043.22
Returned Cheques Receivable	58,753.70	100,146.65
Total	244,562,211.33	473,862,822.02
Allowance for Doubtful Accounts	(15,005,033.78)	(474,973.63)
Net	229,557,177.55	473,387,848.39
Other Receivables	31,493,250.64	236,588,904.69
Allowance for Doubtful Accounts	(20,896,854.79)	-
Net	10,596,395.85	236,588,904.69
Total	240,153,573.40	709,976,753.08

As at 31 December 2019 and 2018, trade receivables are classified by aging as follows:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Unbilled	410,325.76	868,771.87
Within Due	102,112,179.11	155,872,810.08
Overdue 1 – 30 days	66,957,661.32	140,461,423.62
Overdue 31 – 60 days	26,653,634.96	104,504,538.58
Overdue 61 – 90 days	14,096,486.23	35,179,715.69
Overdue 91 – 180 days	7,568,568.74	27,269,100.07
Overdue 181 – 365 days	11,758,321.43	8,710,726.66
Overdue more than 365 days	15,005,033.78	995,735.45
Total	244,562,211.33	473,862,822.02
Allowance for Doubtful Accounts	(15,005,033.78)	(474,973.63)
Net	229,557,177.55	473,387,848.39

As at 31 December 2019 and 2018, other receivables consist of:

	As at 31 December 2019	As at 31 December 2018
	Baht	Baht
Prepaid Expenses	3,921,553.55	3,831,056.85
Prepayment for Goods	22,672,070.28	215,789,669.54
Revenue Department Receivable	363,814.74	11,100,259.22
Others	4,535,812.07	5,867,919.08
Total	31,493,250.64	236,588,904.69
Allowance for Doubtful Accounts	(20,896,854.79)	-
Net	10,596,395.85	236,588,904.69

For the year ended 31 December 2019 and 2018, allowance for doubtful accounts have the movement as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Beginning Balance	(474,973.63)	(172,217.57)
Addition	(36,004,563.44)	(395,636.12)
Reverse	577,648.50	92,880.06
Ending Balance	(35,901,888.57)	(474,973.63)

For the year ended 31 December 2019 and 2018, a part of trade receivables in the amount of Baht 4,533.86 and of Baht 8,753.16 respectively, are written-off as bad debts.

## 8. Inventories

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Finished Goods	386,566,409.75	376,639,322.24
Semi-Finished Goods – Cow Nappa	372,594,108.01	372,286,024.95
Semi-Finished Goods – Cow Split	28,658,589.23	43,204,431.61
Semi-Finished Goods – Personal Protective Equipment	41,710,760.35	25,928,419.27
Work-in-Process	166,424,126.00	205,245,171.92
Raw Materials	61,022,755.22	51,005,202.12
Chemicals	31,810,618.86	27,831,191.39
Supplies	20,545,808.83	13,785,804.98
Goods-in-Transit	36,307,349.14	35,546,381.26
Right to Recover Returned Products	4,271,975.20	960,070.16
Total	1,149,912,500.59	1,152,432,019.90
Allowance for Devaluation of Inventories	(51,322,872.32)	(22,563,412.93)
Net	1,098,589,628.27	1,129,868,606.97

For the year ended 31 December 2019 and 2018, allowance for devaluation of inventories have the movement as follows:

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Beginning Balance	(22,563,412.93)	(165,565,311.28)
Addition	(64,046,705.39)	(68,257,949.98)
Reverse	35,287,246.00	211,259,848.33
Ending Balance	(51,322,872.32)	(22,563,412.93)

As at 31 December 2019 and 2018, the beneficiary from insurance for inventories in the insurance contract amount of Baht 1,180.30 million and of Baht 1,038.10 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

## 9. Investments in Associates

### 9.1 Detail of associates

Entity's Name	Type of Business	Country of Incorporation	Paid-Up Capital		Investment and Voting Right Ratio		Equity Method	
			As at	As at	As at	As at	As at	As at
			31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
			Baht	Baht	%	%	Baht	Baht
Integrated Leather Network Company Limited	Rendering of services of grading and distribution of leather products	Thailand	100,000,000.00	100,000,000.00	40.00	40.00	-	4,438,208.60
Total							-	4,438,208.60

The above investments in associate are accounted for using the equity method.

As at 31 December 2019 and 2018, the Company has no investments in associate which is listed company and no quoted market price, thence there is no disclosure of fair value of investments in associate.

## 9.2 Summarized financial information of Associates

Summarized financial information of significant associate is as follows:

	Integrated Leather Network Company Limited	
	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Current Assets	41,291,324.92	72,782,457.62
Non-Current Assets	49,728,336.46	48,553,616.14
Current Liabilities	(125,289,029.78)	(108,079,825.11)
Non-Current Liabilities	(1,658,485.15)	(3,520,402.54)
Net Assets	<u>(35,927,853.55)</u>	<u>9,735,846.11</u>
	For the year ended	For the year ended
	31 December 2019	31 December 2018
	Baht	Baht
Revenue	<u>52,218,604.80</u>	<u>579,5947,209.77</u>
Profit (Loss) for the year	(43,632,652.66)	57,637.42
Other Comprehensive Income for the year	(2,031,047.00)	(225,049.00)
Total Comprehensive Income for the year	<u>(45,663,699.66)</u>	<u>(167,411.58)</u>
Dividend from Associates during the year	-	-

As at 31 December 2019 and 2018, the reconciliation of the summarized financial information to the carrying amount of investments in associates which are recognized in the financial statements are as follows:

	Integrated Leather Network Company Limited	
	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Net Assets	(35,927,853.55)	9,735,846.11
Investment Ratio (%)	<u>40.00</u>	<u>40.00</u>
Net Assets by Investment Ratio	(14,371,141.42)	3,894,338.44
Ending (Gain) Loss on Assets	640,903.40	543,870.16
Ending Allowance for Doubtful Accounts on Assets	7,848,458.82	-
Ending Unrecognized Share of Loss	<u>5,881,779.20</u>	<u>-</u>
Carrying Amount of Investments in associates	<u>-</u>	<u>4,438,208.60</u>



For the year ended 31 December 2019 and 2018, investments in associate have the movement as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Beginning Carrying Amount	4,438,208.60	3,997,735.34
Recognized Share of Profit (Loss)		
Recognized in Profit (Loss) for the year	(4,438,208.60)	530,492.86
Recognized in Other Comprehensive Income	-	(90,019.60)
Dividends Received	-	-
Ending Carrying Amount	-	4,438,208.60

### 9.3 Unrecognized Share of Loss of Associates

For the year ended 31 December 2019 and 2018, unrecognized share of loss of associates have the movement as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Beginning Balance	-	-
Unrecognized Share of Profit (Loss)		
Unrecognized in Profit (Loss) for the year	(12,917,819.22)	-
Unrecognized in Other Comprehensive Income	(812,418.80)	-
Recognized Share of (Profit) Loss		
Recognized as Allowance for Doubtful Accounts		
Prepayment for Goods	7,848,458.82	-
Ending Balance	(5,881,779.20)	-

**10. Investment Property**

Consist of:

	Land and Land Improvements	
	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
<b>Beginning Balance</b>		
Cost	127,452,206.14	127,452,206.14
Carrying Amount	127,452,206.14	127,452,206.14
<b>Transactions during the year</b>		
Beginning Balance	127,452,206.14	127,452,206.14
Ending Balance	127,452,206.14	127,452,206.14
<b>Ending Balance</b>		
Cost	127,452,206.14	127,452,206.14
Carrying Amount	127,452,206.14	127,452,206.14

As at 31 December 2019 and 2018, a part of investment property in the amount of Baht 124.99 million equally for both years, is land and land improvements which the Company has held while presently has not yet identified the purpose of future use, has the fair value in the amount of Baht 141.17 million equally for both years. The Company has measured the fair value from the appraisal results by the independence appraiser with the market approach and the cost approach as report dated 4 July 2016 which are Level 3 inputs of the fair value hierarchy.

As at 31 December 2019 and 2018, a part of investment property in the amount of Baht 2.46 million equally for both years, is the land which the Company has entered into an agreement to sell and buy at the price in the amount of Baht 4.50 million and received completely. Presently, the Company is waiting for the appointment to transfer the ownership in that land.

## 11. Property, Plant and Equipment

Consist of:

	Land and Land Improvements	Buildings and Buildings Improvements	Machines and Equipment	Tools	Fixtures and Office Equipment	Vehicles	Assets under Construction	Asset-in-Transit	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Beginning Balance As at 1 January 2019</b>									
Cost	98,165,178.96	404,486,024.87	621,514,668.44	6,988,243.54	56,610,603.80	89,342,887.88	19,973,165.85	7,570,319.92	1,304,651,093.26
Accumulated Depreciation	-	(236,785,513.13)	(326,755,364.83)	(5,123,981.73)	(43,912,603.18)	(63,537,382.24)	-	-	(676,114,845.11)
Carrying Amount	<u>98,165,178.96</u>	<u>167,700,511.74</u>	<u>294,759,303.61</u>	<u>1,864,261.81</u>	<u>12,698,000.62</u>	<u>25,805,505.64</u>	<u>19,973,165.85</u>	<u>7,570,319.92</u>	<u>628,536,248.15</u>
<b>Transactions during the year ended 31 December 2019</b>									
Beginning Balance	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15
Purchase of Assets	-	671,000.00	23,873,274.00	149,257.90	3,971,011.20	1,935,046.72	43,365,902.71	(657,265.81)	73,308,226.72
Transfer In (Transfer Out)	-	27,683,340.46	43,032,964.44	-	187,237.00	-	(52,854,773.79)	(6,913,054.11)	11,135,714.00
Sale of Assets	-	-	-	(8.00)	(4,996.75)	(3.00)	-	-	(5,007.75)
Write-off of Assets	-	(1.00)	(354,614.76)	(2,949.12)	(108,091.58)	-	(823,836.31)	-	(1,289,492.77)
Depreciation recognized in Profit (Loss) for the year	-	(19,159,837.90)	(42,740,190.37)	(546,189.24)	(5,120,077.64)	(6,294,259.60)	-	-	(73,860,554.75)
Ending Balance	<u>98,165,178.96</u>	<u>176,895,013.30</u>	<u>318,570,736.92</u>	<u>1,464,373.35</u>	<u>11,623,082.85</u>	<u>21,446,289.76</u>	<u>9,660,458.46</u>	<u>-</u>	<u>637,825,133.60</u>
<b>Ending Balance As at 31 December 2019</b>									
Cost	98,165,178.96	432,832,365.33	681,778,678.28	6,992,681.96	55,492,825.89	89,978,487.88	9,660,458.46	-	1,374,900,676.76
Accumulated Depreciation	-	(255,937,352.03)	(363,207,941.36)	(5,528,308.61)	(43,869,743.04)	(68,532,198.12)	-	-	(737,075,543.16)
Carrying Amount	<u>98,165,178.96</u>	<u>176,895,013.30</u>	<u>318,570,736.92</u>	<u>1,464,373.35</u>	<u>11,623,082.85</u>	<u>21,446,289.76</u>	<u>9,660,458.46</u>	<u>-</u>	<u>637,825,133.60</u>

	Land and Land Improvements Baht	Buildings and Buildings Improvements Baht	Machines and Equipment Baht	Tools Baht	Fixtures and Office Equipment Baht	Vehicles Baht	Assets under Construction Baht	Asset-in-Transit Baht	Total Baht
<b>Beginning Balance As at 1 January 2018</b>									
Cost	98,165,178.96	322,476,077.66	453,325,478.72	6,759,179.83	52,930,827.98	89,865,317.78	106,921,254.66	-	1,130,443,315.59
Accumulated Depreciation	-	(222,920,232.04)	(341,375,709.48)	(5,605,592.81)	(41,340,921.26)	(63,263,253.70)	-	-	(674,505,709.29)
Carrying Amount	98,165,178.96	99,555,845.62	111,949,769.24	1,153,587.02	11,589,906.72	26,602,064.08	106,921,254.66	-	455,937,606.30
<b>Transactions during the year ended 31 December 2018</b>									
Beginning Balance	98,165,178.96	99,555,845.62	111,949,769.24	1,153,587.02	11,589,906.72	26,602,064.08	106,921,254.66	-	455,937,606.30
Purchase of Assets	-	366,883.96	91,795,559.36	1,115,022.43	6,684,305.59	7,657,570.10	121,089,398.21	8,138,678.28	236,847,417.93
Transfer In (Transfer Out)	-	81,643,063.25	123,499,868.61	-	46,905.00	-	(205,704,226.58)	(568,358.36)	(1,082,748.08)
Sale of Assets	-	-	(5,190.14)	-	(84,726.79)	(4.00)	-	-	(89,920.93)
Write-off of Assets	-	-	(28,991.76)	(2,791.87)	(361,941.20)	(2.00)	(2,333,260.14)	-	(2,726,987.27)
Depreciation recognized in Profit (Loss) for the year	-	(13,865,281.09)	(32,451,711.70)	(401,555.77)	(5,176,448.70)	(8,454,122.54)	-	-	(60,349,119.80)
Ending Balance	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	630,999,885.87
<b>Ending Balance As at 31 December 2018</b>									
Cost	98,165,178.96	404,486,024.87	621,514,668.44	6,988,243.54	56,610,603.80	89,342,887.88	19,973,165.85	7,570,319.92	1,304,651,093.26
Accumulated Depreciation	-	(236,785,513.13)	(326,755,364.83)	(5,123,981.73)	(43,912,603.18)	(63,537,382.24)	-	-	(676,114,845.11)
Carrying Amount	98,165,178.96	167,700,511.74	294,759,303.61	1,864,261.81	12,698,000.62	25,805,505.64	19,973,165.85	7,570,319.92	628,536,248.15

As at 31 December 2019 and 2018, a part of property, plant and equipment in the carrying amount of Baht 168.02 million and of Baht 181.98 million respectively, together with the beneficiary from insurance in the insurance contract amount of Baht 672.70 million and of Baht 654.70 million respectively, are the collateral pledged as security against all liabilities with the financial institutions as in Note 12.

As at 31 December 2019 and 2018, a part of equipment in the carrying amount of Baht 39.93 million and of Baht 48.73 million respectively, are finance leased assets.

## 12. Credits and Guarantees

As at 31 December 2019 and 2018, the Company has obtained the credit facilities from several financial institutions in form of overdrafts, promissory notes, letters of credit, trust receipts, letters of guarantee and currency forward contracts totaling in the amount of Baht 2,835.00 million and of Baht 2,402.06 million respectively, letters of credit in the amount of USD 3.00 million and corporate credit card in the amount of Baht 1.60 million equally for both periods. Such credit facilities are secured by the collateral as the transferring of beneficiary from insurance for inventories of the Company as in Note 8, property, plant and equipment of the Company together with the transferring of beneficiary from insurance as in Note 11 and the guarantee of the directors of the Company.

## 13. Defaulted Liabilities

Consist of:

	As at 31 December 2019	As at 31 December 2018
	Baht	Baht
Trust Receipts	21,435,038.11	-
Accrued Interest Expenses	126,994.17	-
Total	<u>21,562,032.28</u>	<u>-</u>

As at 31 December 2019, the whole amount of trust receipts is trust receipts for ordering the overseas goods by using the credit facilities from a financial institution which is past due, the default interest rate of 18.00% per annum. Presently, the Company already has completed the settlement.

**14. Overdrafts and Short-Term Borrowings from Financial Institutions**

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Overdrafts	20,576,204.86	8,447,774.18
Promissory Notes	310,000,000.00	319,492,681.18
Trust Receipts	448,641,964.60	872,446,330.93
Total	<u>779,218,169.46</u>	<u>1,200,386,786.29</u>

As at 31 December 2019 and 2018, the whole amount of overdrafts is bank overdrafts, the interest rate of 6.25 – 6.70% per annum and of 6.25 – 7.68% per annum respectively.

As at 31 December 2019 and 2018, the whole amount of promissory notes is promissory notes for 3 – 6 months equally for both years, the interest rate of 3.00 – 4.25% per annum and of 3.00 – 4.00% per annum respectively.

As at 31 December 2019 and 2018, the whole amount of trust receipts is trust receipts for ordering the overseas goods, the interest rate of 1.50 – 3.95% per annum and of 1.50 – 3.57% per annum respectively. Under the terms of trust receipt contracts, the Company has received the ordered goods by using the credit of the financial institutions, thence the Company constitutes obligation to the financial institutions for such goods both that kept or disposed.

As at 31 December 2019 and 2018, overdrafts and short-term borrowings from financial institutions are secured by the collateral as in Note 12.

**15. Trade and Other Current Payables**

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Trade Payables		
Trade Payables – Domestic	123,011,775.93	217,946,921.38
Trade Payables – Overseas	39,884,968.96	47,313,598.01
Post-Date Cheques Payable	5,664,264.58	7,322,434.23
Total	168,561,009.47	272,582,953.62
Other Payables	127,431,787.48	118,495,600.97
Total	295,992,796.95	391,078,554.59

As at 31 December 2019 and 2018, other payables consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Refund Liabilities	11,332,425.78	3,704,048.65
Accrued Expenses	44,786,425.80	51,359,213.19
Prereceived for Goods	27,457,665.97	22,445,185.93
Prereceived for Assets	4,499,993.76	4,499,993.76
Assets Payable	2,028,605.40	1,944,738.13
Accrued Interest Expenses	2,549,712.26	3,653,848.97
Dividends Payable	1,014,050.65	1,013,832.65
Accrued Special Severance Pay for Retirement	3,494,000.00	12,675,000.00
Post-Employment Benefits Payable	10,062,218.50	-
Others	20,206,689.36	17,199,739.69
Total	127,431,787.48	118,495,600.97

## 16. Long-Term Borrowings

Consist of:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
<b>Current</b>		
Breach of the ongoing Financial Covenants	52,447,000.00	-
Not later than 1 year	8,004,000.00	13,404,000.00
<b>Total Current</b>	<b>60,451,000.00</b>	<b>13,404,000.00</b>
<b>Non-Current</b>		
Later than 1 year but not later than 5 years	14,654,000.00	41,108,000.00
<b>Total Non-Current</b>	<b>14,654,000.00</b>	<b>41,108,000.00</b>
<b>Total</b>	<b>75,105,000.00</b>	<b>54,512,000.00</b>

As at 31 December 2019 and 2018, long-term borrowings have the terms of payment as follows:

No.	Total Limit		Outstanding Balance		Terms of Payment
	As at	As at	As at	As at	
	31 December 2019 Baht	31 December 2018 Baht	31 December 2019 Baht	31 December 2018 Baht	
1	40,000,000.00	40,000,000.00	22,658,000.00	30,662,000.00	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
2	27,000,000.00	27,000,000.00	18,450,000.00	23,850,000.00	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 450,000.00 per month for a period of 5 years, the interest rate of MLR-1.00% per annum.
3	40,000,000.00	-	33,997,000.00	-	The principal and interest shall be paid monthly with the principal repayment in the amount of Baht 667,000.00 per month for a period of 5 years, the interest rate of MLR-2.15% per annum.
<b>Total</b>	<b>107,000,000.00</b>	<b>67,000,000.00</b>	<b>75,105,000.00</b>	<b>54,512,000.00</b>	

As at 31 December 2019 and 2018, long-term borrowings have the significant terms and conditions that the Company has to comply the ongoing financial covenants as follows:

- Debt service coverage ratio in the rate not lower than 1.25 times.
- Interest-bearing debt to equity in the rate not exceeding 1.5 times.
- Debt to equity ratio in the rate not exceeding 2.0 times.

For the year ended 31 December 2019, the Company has breached the ongoing financial covenant of debt service coverage ratio, thence the balance as at 31 December 2019 of the related long-term borrowings is reclassified as current portion. Presently, the Company is requesting for waiver of that ongoing financial covenant from the financial institution.

As at 31 December 2019 and 2018, long-term borrowings are secured by the collateral as in Note 12.



## 17. Finance Lease Liabilities

Consist of:

	Minimum Lease Payments		Deferred Interest		Present Value of Minimum Lease Payments	
	As at	As at	As at	As at	As at	As at
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Baht	Baht	Baht	Baht	Baht	Baht
Current						
Not later than 1 year	11,192,933.64	12,315,432.76	(944,963.21)	(1,399,387.09)	10,247,970.43	10,916,045.67
Total Current	11,192,933.64	12,315,432.76	(944,963.21)	(1,399,387.09)	10,247,970.43	10,916,045.67
Non-Current						
Later than 1 year						
but not later than 5 years	16,290,397.72	26,631,493.86	(622,866.59)	(1,512,197.63)	15,667,531.13	25,119,296.23
Total Non-Current	16,290,397.72	26,631,493.86	(622,866.59)	(1,512,197.63)	15,667,531.13	25,119,296.23
Total	27,483,331.36	38,946,926.62	(1,567,829.80)	(2,911,584.72)	25,915,501.56	36,035,341.90

## 18. Non-Current Provisions for Employee Benefits

Consist of:

	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Post-Employment Benefits		
Defined Benefit Plans	55,533,693.02	53,561,969.99
Total	55,533,693.02	53,561,969.99

### 18.1 Characteristic of Defined Benefit Plan

As at 31 December 2019 and 2018, the Company has operated the post-employment benefit plan which is unfunded defined benefit plan according to final salary that the Company has to pay as severance pay to employees on retirement in accordance with the labour law of Thailand. Therefore, the Company consequently has to take the actuarial risk to pay the agreed benefits to employees.

For the year ended 31 December 2019, the Company has amended the post-employment benefit plan to comply with the new labour law of Thailand which is effective on 5 May 2019 by adding the regulation to make the severance pay to the employee with the completion to 20 years or more of employment, not less than 400 days of last wage rate.

## 18.2 Amounts in the Financial Statements related to Post-Employment Benefit Plans

For the year ended 31 December 2019 and 2018, amounts in the financial statements related to post-employment benefit plan have the movement as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Beginning Balance	53,561,969.99	47,477,149.00
Recognized in Profit (Loss) for the year		
Past Service Costs	15,843,405.78	-
Current Service Costs	6,417,934.25	5,243,836.95
Interest Costs	1,339,424.00	982,684.04
Total Recognized in Profit (Loss) for the year	23,600,764.03	6,226,520.99
Recognized in Other Comprehensive Income		
(Gain) Loss on Remeasurement of Defined Benefit Plans		
Experience Adjustment	(3,569,478.00)	4,400.00
Total Recognized in Other Comprehensive Income	(3,569,478.00)	4,400.00
Benefits Paid	(18,059,563.00)	(146,100.00)
Ending Balance	55,533,693.02	53,561,969.99

As at 31 December 2019 and 2018, the key assumptions used in the actuarial valuation for post-employment benefit plans are summarized as follows:

	As at 31 December 2019	As at 31 December 2018
Discount Rate	2.07% per annum	3.32% per annum
Salary Increase Rate	3.00% per annum	3.00% per annum
Employee Turnover Rate	0.00 – 35.00% per annum	0.00 – 35.00% per annum
Mortality Rate	100.00% of Thai Mortality Ordinary Table 2017	100.00% of Thai Mortality Ordinary Table 2017
Disability Rate	5.00% of Mortality Rate	5.00% of Mortality Rate
Retirement Age	60 years	60 years

### 18.3 Sensitivity Analysis of Key Assumptions Used in Actuarial Valuation for Post-Employment Benefit Plans

As at 31 December 2019 and 2018, sensitivity analysis of each key assumption while holding all other assumptions constant which have been affected by changes in the relevant actuarial assumption that were reasonably possible on defined benefit obligations as at the end of the reporting period is summarized as follows:

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
Discount Rate		
Increased by 1.00%	(3,644,727.00)	(2,561,090.00)
Decreased by 1.00%	4,134,751.00	2,905,156.00
Salary Increase Rate		
Increased by 1.00%	5,194,371.00	3,120,977.00
Decreased by 1.00%	(4,666,269.00)	(2,809,328.00)

### 18.4 Maturity of Defined Benefit Obligations

As at 31 December 2019 and 2018, weighted average duration of defined benefit obligations is 6.91 years equally for both years.

The Company has not presented the expected maturity analysis of undiscounted cash flows for benefit payment, but provided the sensitivity of several key assumptions.

## 19. Share Capital

For the year ended 31 December 2019 and 2018, share capital has the movements as follows:

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Par Value	Number of Share	Amount	Par Value	Number of Share	Amount
	Baht per Share	Shares	Baht	Baht per Share	Shares	Baht
<b>Authorized Share Capital</b>						
Beginning Ordinary Shares	1.00	439,844,340	439,844,340.00	10.00	41,889,937	418,899,370.00
Increase of Ordinary Shares from the Change of Par Value	1.00	-	-	1.00	377,009,433	-
Issuance of Ordinary Shares for the Stock Dividend Payment	1.00	-	-	1.00	20,944,970	20,944,970.00
Ending Ordinary Shares	1.00	<u>439,844,340</u>	<u>439,844,340.00</u>	1.00	<u>439,844,340</u>	<u>439,844,340.00</u>
<b>Issued and Paid-Up Share Capital</b>						
Beginning Ordinary Shares	1.00	439,844,284	439,844,284.00	10.00	41,889,937	418,899,370.00
Increase of Ordinary Shares from the Change of Par Value	1.00	-	-	1.00	377,009,433	-
Issuance of Ordinary Shares for the Stock Dividend Payment	1.00	-	-	1.00	20,944,914	20,944,914.00
Ending Ordinary Shares	1.00	<u>439,844,284</u>	<u>439,844,284.00</u>	1.00	<u>439,844,284</u>	<u>439,844,284.00</u>

On 25 January 2018, the Extraordinary General Shareholders' Meeting of the Company No. 1/2018 has passed the resolution to approve the change of par value of shares of the Company from Baht 10.00 per share to be Baht 1.00 per share, by increase of ordinary shares from 41,889,937 shares to be 418,889,370 shares. The Company already has registered the change of par value with the Department of Business Development, Ministry of Commerce on 31 January 2018.

On 26 April 2018, the Annual General Shareholders' Meeting of the Company for 2018 has passed the resolution to approve the increase of the authorized share capital of the Company from the former authorized share capital in the amount of Baht 418,899,370 which was divided into 418,899,370 ordinary shares at the par value of Baht 1.00 per share, to be the new authorized share capital in the amount of Baht 439,844,340.00 which is divided into 439,844,340 ordinary shares at the par value of Baht 1.00 per share, for support of the stock dividend payment. The Company already has registered the change of authorized share capital with the Department of Business Development, Ministry of Commerce on 21 May 2018.

## 20. Legal Reserve

In accordance with the Public Limited Companies Act B.E. 2535, the Company has to appropriate not less than 5% of its annual net profit less any accumulated losses brought forward (if any) to a reserve account, until this account reaches an amount not less than 10% of the authorized share capital. This legal reserve shall not be distributed as dividend.

## 21. Appropriation of Legal Reserve and Dividends

- 21.1 On 26 April 2019, the Annual General Meeting of the Shareholders of the Company for 2019 has passed the resolution to approve the appropriation of profit for 2018 as legal reserve in the amount of Baht 598,848.94 and dividend payment to the ordinary shareholders of the Company at the rate of Baht 0.02 per share, totaling in the amount of Baht 8,796,885.68.
- 21.2 On 26 April 2018, the Annual General Meeting of the Shareholders of the Company for 2018 has passed the resolution to approve the appropriation of retained earnings as dividend payment to the ordinary shareholders of the Company as follows:
- Stock dividends by ordinary shares at the ratio of 20 existing ordinary shares per 1 stock dividend at the par value of Baht 1.00 per share, total not exceeding 20,944,970 shares, calculated at the stock dividend ratio not exceeding Baht 0.05 per share, or equivalent to the amount not exceeding Baht 20,944,970.00. In case that any shareholder obtains fraction of shares from calculation in accordance with such share allocation, the Company shall eliminate that fraction.
  - Cash dividends at the ratio of Baht 0.00556 per share, or equivalent to the amount not exceeding Baht 2,329,081.00.

## 22. Capital Management

The primary objectives of the Company's capital management are to maintain the abilities to continue as a going concern and the optimal capital structure.

The Company monitors capital using debt to equity ratio which is calculated by dividing the liabilities as in the statement of financial position with the shareholders' equity as in the statement of financial position.

As at 31 December 2019 and 2018, debt to equity ratio is as follows:

	As at 31 December 2019	As at 31 December 2018
Liabilities (Baht)	1,316,371,020.70	1,737,749,049.09
Shareholders' Equity (Baht)	914,739,676.80	1,084,567,736.36
Debt to Equity Ratio (Time)	1.44	1.60

Under the significant terms and conditions of long-term borrowings, the Company has to comply the ongoing financial covenants as in Note 16 which the Company had complied with the ongoing financial covenants throughout the reporting period for the year ended 31 December 2018, but has not complied throughout the reporting period for the year ended 31 December 2019. Presently, the Company is requesting for waiver of that ongoing financial covenant from the financial institution.

**23. Other Income**

Consist of:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Interest Income	152,509.23	923,120.33
Rental and Service Income	9,706,711.99	7,525,903.02
Consultancy Income	3,228,482.14	4,751,010.60
Tax Compensation Income	2,605,478.05	1,705,514.58
Gain on Sale of Property, Plant and Equipment	291,115.42	1,637,533.39
Others	11,368,970.21	4,815,752.26
Total	<u>27,353,267.04</u>	<u>21,358,834.18</u>

**24. Provident Fund**

The Company and its employees has jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, which is contributed by the employees and the Company, and will be paid to the employees upon retirement in accordance with the regulation of the fund.

For the year ended 31 December 2019 and 2018, the Company has recognized the contribution as expenses in the amount of Baht 4.01 million and of Baht 3.78 million respectively.

**25. Expenses by Nature**

Consist of:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Changes in Finished Goods and Work-in-Process	27,349,376.65	7,911,404.91
Raw Material and Chemical Used	1,679,639,576.31	2,185,852,566.64
(Reversal of) Loss on Devaluation of Inventories	28,759,459.39	(143,001,898.35)
Employee Benefit Expenses	388,723,896.66	379,316,942.22
Managements' Remuneration	38,332,910.00	49,810,309.00
Depreciation	73,941,097.96	60,421,852.48
Amortization of Leasehold Rights	200,619.67	200,619.67
Amortization of Other Intangible Assets	2,734,811.77	1,755,334.10
Bad Debts	4,533.86	8,753.16
Doubtful Accounts	35,426,914.94	302,756.06
Transportation Expenses	21,069,930.30	33,017,930.59
Sale Promotion Expenses	30,415,496.65	29,406,759.74
Other Service Expenses	32,259,375.21	31,011,113.37
Other Production Expenses	96,622,199.91	96,351,094.31
Rental and Utility Expenses	93,442,264.34	88,645,736.58
Travelling Expenses	24,012,166.43	27,232,114.14
Others	39,113,972.34	22,216,307.87
Total	<u>2,612,048,602.39</u>	<u>2,870,459,696.49</u>

## 26. Tax (Expense) Revenue

### 26.1 Tax (Expense) Revenue which is recognized in Profit (Loss) for the year

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Current Tax		
Tax (Expense) Revenue for current period	-	-
Deferred Tax		
Tax (Expense) Revenue relating to		
the Origination and Reversal of Temporary Differences	13,898,012.65	(4,472,963.23)
Total	<u>13,898,012.65</u>	<u>(4,472,963.23)</u>

For the year ended 31 December 2019 and 2018, the relationship between tax (expense) revenue and accounting profit (loss) in the form of reconciliation between tax (expense) revenue and the product of taxable profit by the applicable tax rate at 20% is as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Profit (Loss) Before Income Tax	<u>(177,784,768.93)</u>	<u>16,449,942.12</u>
Tax (Expense) Revenue by the Tax Rate at 20%	35,556,953.79	(3,289,988.42)
Expenses that are not deductible	(1,196,270.42)	(1,289,073.38)
Concessions	1,417,375.22	-
Temporary Differences for which no		
Deferred Tax Asset is recognized	(887,641.72)	106,098.57
Tax Losses for which no Deferred Tax Asset is recognized	<u>(20,992,404.22)</u>	<u>-</u>
Total	<u>13,898,012.65</u>	<u>(4,472,963.23)</u>

### 26.2 Tax (Expense) Revenue which is recognized in Other Comprehensive Income

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Amount	Tax	Amount	Amount	Tax	Amount
	Before Tax	(Expense) Income	Net of Tax	Before Tax	(Expense) Income	Net of Tax
	Baht	Baht	Baht	Baht	Baht	Baht
Share of Other Comprehensive Income						
of Associates	-	-	-	(90,019.60)	-	(90,019.60)
Gain (Loss) on Remeasurement						
of Defined Benefit Plans	3,569,478.00	(713,895.60)	2,855,582.40	(4,400.00)	880.00	(3,520.00)
Total	<u>3,569,478.00</u>	<u>(713,895.60)</u>	<u>2,855,582.40</u>	<u>(94,419.60)</u>	<u>880.00</u>	<u>(93,539.60)</u>



## 26.3 Deferred Tax Assets which are recognized in the Financial Statements

	For the year ended 31 December 2019			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2019	for the year	Income	31 December 2019
	Baht	Baht	Baht	Baht
Allowance for Doubtful Accounts	94,994.73	7,085,382.98	-	7,180,377.71
Allowance for Devaluation of Inventories	4,512,682.58	5,751,891.88	-	10,264,574.46
Sales with Right to Return				
Refund Liabilities	740,809.73	1,525,675.43	-	2,266,485.16
Right to Recover Returned Products	(192,014.03)	(662,381.01)	-	(854,395.04)
Non-Current Provisions				
for Employee Benefits	10,712,394.00	1,108,240.21	(713,895.60)	11,106,738.61
Tax Losses	39,045,187.67	(41,365.73)	-	39,003,821.94
Total	54,914,054.68	14,767,443.76	(713,895.60)	68,967,602.84
For the year ended 31 December 2018				
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2018	for the year	Income	31 December 2018
	Baht	Baht	Baht	Baht
Allowance for Doubtful Accounts	34,443.51	60,551.22	-	94,994.73
Allowance for Devaluation of Inventories	33,113,062.26	(28,600,379.68)	-	4,512,682.58
Sales with Right to Return				
Refund Liabilities	1,853,541.04	(1,112,731.31)	-	740,809.73
Right to Recover Returned Products	(1,089,327.26)	897,313.23	-	(192,014.03)
Non-Current Provisions				
for Employee Benefits	9,495,429.79	1,216,084.21	880.00	10,712,394.00
Tax Losses	14,026,092.25	25,019,095.42	-	39,045,187.67
Total	57,433,241.59	(2,520,066.91)	880.00	54,914,054.68

## 26.4 Deferred Tax Liabilities which are recognized in the Financial Statements

	For the year ended 31 December 2019			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2019	for the year	Income	31 December 2019
	Baht	Baht	Baht	Baht
Finance Leases	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)
Total	(1,952,896.32)	(869,431.11)	-	(2,822,327.43)
	For the year ended 31 December 2018			
	Beginning Balance	Recognized in	Recognized in	Ending Balance
	As at	Profit (Loss)	Other Comprehensive	As at
	1 January 2018	for the year	Income	31 December 2018
	Baht	Baht	Baht	Baht
Finance Leases	-	(1,952,896.32)	-	(1,952,896.32)
Total	-	(1,952,896.32)	-	(1,952,896.32)

## 26.5 Deductible Temporary Differences for which no Deferred Tax Asset is recognized

	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Investments in Associates	40,000,000.00	35,561,791.40
Total	40,000,000.00	35,561,791.40

Deductible temporary differences for which no deferred tax asset is recognized, have no expiry date under the current tax legislation.

The Company has not recognized deferred tax asset for the above deductible temporary differences associated with investments in associates, because the Company has not yet intended to dispose these investments.

## 26.6 Unused Tax Losses for which no Deferred Tax Asset is recognized

	As at	As at
	31 December 2019	31 December 2018
	Baht	Baht
Expiry Year of Tax Benefits		
2024	104,962,021.10	-
Total	104,962,021.10	-

The Company has not recognized deferred tax asset for the above unused tax losses, because the Company is not probable that the future taxable profit will be available that the tax benefits can be utilized.

## 27. Basic Earnings (Loss) Per Share

For the year ended 31 December 2019 and 2018, basic earnings (loss) per share calculated from profit (loss) for the year attributable to the ordinary shareholders' equity of the Company and weighted average number of issued ordinary shares during the year by adjusting the number of ordinary shares to reflect the impact of the increase of ordinary shares from the change of par value and the issuance of ordinary shares for the stock dividend payment as in Note 21.2 as if those events occurred at the beginning of the earliest period presented as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Profit (Loss) Attributable to Ordinary Shareholders of the Company (Baht)	(163,886,756.28)	11,976,978.89
Restated Weighted Average Number of Ordinary Shares (Shares)		
Weighted Average Number of Ordinary Shares	439,844,284	400,708,775
Effect of Increase of Ordinary Shares from the Change of Par Value	-	30,987,077
Effect of Issuance of Ordinary Shares for the Stock Dividend Payment	-	8,148,432
Total	439,844,284	439,844,284
Basic Earnings (Loss) Per Share (Baht)	(0.37)	0.03

## 28. Segment Information

### 28.1 General Information about Segment

The Company has identified the reportable segments from the structure of internal managerial and financial information system of the Company according to the types of goods and services which are the operating segments that the management of the Company has use the segment profit (loss) before income tax in the financial performance review regularly as follows:

- Tannery industry segment which has revenue from sales of finished leather products and rendering service of tanning.
- Personal protective equipment segment which has revenue from sales of personal protective equipment products.

### 28.2 Information about Segment Profit or Loss

Inter-reportable segment transactions are carried out at arm's length and are eliminated from the financial statements of the Company.

Segment revenue and profit or loss include items directly attribute to a segment as well as these that can be allocated on a reasonable basis with revenue and profit or loss in the financial statements of the Company.

For the year ended 31 December 2019 and 2018, the segment information is presented as follows:

	For the year ended 31 December 2019					
	Reportable Segment				Eliminated	Total
	Tannery Industry			Personal Protective	Transactions	
	Finished Leather	Tanning	Total	Equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue from Contracts with Customers						
External Customers	1,621,738	127,446	1,749,184	680,915	-	2,430,099
Inter-Segment	54,493	99,106	153,599	-	(153,599)	-
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Disaggregation of Revenue from Contracts						
with Customers						
Geographical Region						
Domestic	261,614	102,343	363,957	652,693	(153,599)	863,051
Overseas	1,414,617	124,209	1,538,826	28,222	-	1,567,048
Total	1,676,231	226,552	1,902,783	680,915	(153,599)	2,430,099
Gross Profit (Loss)	(25,891)	(6,540)	(32,431)	278,688	7	246,264
Gain (Loss) on Exchange Rate			25,471	3,069	-	28,540
Interest Income			33	119	-	152
Other Income			16,326	10,882	(7)	27,201
Distribution Costs			(117,491)	(123,022)	-	(240,513)
Administrative Expenses			(123,128)	(64,573)	-	(187,701)
Interest Expenses			(35,510)	(9,357)	-	(44,867)
Other Finance Costs			(1,852)	(571)	-	(2,423)
Share of Profit (Loss) of Associates			(4,438)	-	-	(4,438)
Profit (Loss) before Income Tax			(273,020)	95,235	-	(177,785)
Tax (Expense) Income						13,898
Profit (Loss) for the year						(163,887)
Depreciation and Amortization			53,626	22,472	-	76,098

For the year ended 31 December 2018

	Reportable Segment				Eliminated	Total
	Tannery Industry			Personal Protective	Transactions	
	Finished Leather	Tanning	Total	Equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue from Contracts with Customers						
External Customers	1,942,493	256,770	1,646,887	698,285	-	2,897,548
Inter-Segment	28,928	14,484	43,412	-	(43,412)	-
Total	1,971,421	271,254	2,242,675	698,285	(43,412)	2,897,548
Disaggregation of Revenue from Contracts with Customers						
Geographical Region						
Domestic	208,718	14,484	223,202	674,383	(43,412)	854,173
Overseas	1,762,703	256,770	2,019,473	23,902	-	2,043,375
Total	1,971,421	271,254	2,242,675	698,285	(43,412)	2,897,548
Gross Profit (Loss)	116,906	10,788	127,694	286,293	-	413,987
Gain (Loss) on Exchange Rate			(197)	3,197	-	3,000
Interest Income			813	110	-	923
Other Income			11,627	8,809	-	20,436
Distribution Costs			(70,433)	(115,154)	-	(185,587)
Administrative Expenses			(138,232)	(63,079)	-	(201,311)
Interest Expenses			(29,027)	(3,633)	-	(32,660)
Other Finance Costs			(2,200)	(668)	-	(2,868)
Share of Profit (Loss) of Associates			530	-	-	530
Profit (Loss) before Income Tax			(99,425)	115,875	-	16,450
Tax (Expense) Income						(4,473)
Profit (Loss) for the year						11,977
Depreciation and Amortization			35,795	26,382	-	62,177

### 28.3 Information about Major Customers

For the year ended 31 December 2019 and 2018, information about major customers which amounting to 10% or more of revenue in the financial statements of the Company is as follows:

	Proportion to Total Revenue		Revenue	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	%	%	Baht	Baht
1 <sup>st</sup> Oversea Customer	13.00	13.35	315,939,957.48	386,837,020.48
2 <sup>nd</sup> Oversea Customer	11.44	11.68	278,045,697.64	338,402,652.25
Total	24.44	25.03	593,985,655.12	725,239,672.73

## 29. Financial Instruments

### 29.1 Financial Risk Management Policy

The Company has exposure to interest rate risk, exchange rate risk and credit risk which the Company will consider to use the appropriate financial instruments to manage those risks. However, the Company does not have policy to hold or issue any derivative financial instruments for speculation or trading.

### 29.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk of the Company is mainly associated with purchase of raw materials and machinery and sale of goods in foreign currencies.

As at 31 December 2019 and 2018, the Company has financial assets and financial liabilities which expose to the currency risk as follows:

Currencies	Financial Assets		Financial Liabilities	
	As at	As at	As at	As at
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
United States Dollar	3,765,475.89	10,780,174.40	7,344,214.84	11,573,320.63
Euro Zone	5,100.00	2,240.00	136,425.50	306,350.50
China Yuan	30,700.00	-	-	-
Hong Kong Dollar	150.00	-	-	-
Great Britain Pound	-	-	-	1,760.00

As at 31 December 2019 and 2018, the Company has used the derivatives to manage the currency risk as follows:

Risk Managed Currencies	Amounts to be Received (Paid)			
	Buying Contracts		Selling Contracts	
	As at	As at	As at	As at
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>United States Dollar</b>				
Currency Forward Contracts				
Nominal Amount				
United States Dollar	762,938.08	-	(3,278,449.63)	(2,893,424.63)
Thailand Baht	(23,261,982.06)	-	98,915,002.08	94,022,352.74
Fair Value (Baht)	(293,902.55)	-	418,412.03	477,187.84

As at 31 December 2019 and 2018, fair value of derivatives using to manage the currency risk are measured by using the rates determined by those counterparty financial institutions as at the end of the reporting date which is Level 2 inputs of the fair value hierarchy.

### 29.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2019 and 2018, the Company has financial assets and financial liabilities which expose to the interest rate the risk as follows:

As at 31 December 2019					
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		
	Baht	Baht	Baht	Baht	% per annum
<b>Financial Assets</b>					
Cash and Cash Equivalents	27,023,938.58	-	15,329,948.22	42,353,886.80	0.050 – 0.712
Long-Term Loans to Employees	-	327,610.00	-	327,610.00	6.00
<b>Financial Liabilities</b>					
Defaulted Liabilities	21,435,038.11	-	126,994.17	21,562,032.28	18.00
Overdrafts	20,576,204.86	-	-	20,576,204.86	6.25 – 6.70
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	508,350,938.75	-	-	508,350,938.75	2.73 – 4.25
Foreign Currencies	250,291,025.85	-	-	250,291,025.85	1.50 – 3.57
Short-Term Borrowings	-	60,000,000.00	-	60,000,000.00	2.50
Long-Term Borrowings	75,105,000.00	-	-	75,105,000.00	4.875 – 5.000
Finance Lease Liabilities	-	25,915,501.56	-	25,915,501.56	0.35 – 2.75
As at 31 December 2018					
	Interest Bearing		Non-Interest	Total	Interest Rate
	Floating Rate	Fixed Rate	Bearing		
	Baht	Baht	Baht	Baht	% per annum
<b>Financial Assets</b>					
Cash and Cash Equivalents	61,913,858.18	-	83,724,385.19	145,638,243.37	0.125 – 0.75
Long-Term Loans to Employees	-	141,147.00	-	141,147.00	6.00
<b>Financial Liabilities</b>					
Overdrafts	8,447,774.18	-	-	8,447,774.18	7.675
Short-Term Borrowings					
from Financial Institutions					
Thailand Baht	621,857,571.15	-	-	621,857,571.15	3.00 – 4.00
Foreign Currencies	570,081,440.96	-	-	570,081,440.96	1.50 – 4.14
Long-Term Borrowings	54,120,000.00	-	-	54,120,000.00	5.00 – 5.25
Finance Lease Liabilities	-	36,035,341.90	-	36,035,341.90	0.31 – 2.75

As at 31 December 2019 and 2018, the Company does not use any financial instrument to manage the interest rate risk.

#### 29.4 Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company is associated with concentrations of credit and default on collection from financial institution deposits and receivables.

As at 31 December 2019 and 2018, the Company has the maximum potential credit loss equals to the carrying amount of financial institution deposits and receivables presented in the financial statements.

As at 31 December 2019 and 2018, the Company has managed the credit risk as follows:

Group of Financial Assets	Credit Risk Management
Financial Institution Deposits	Consideration of the credit rating of financial institutions and credit facilities granted with the Company.
Receivables	Consideration of the credit quality of the receivable from financial position and past experience of collection and required some customers have to open letter of credit or make the advance payment for goods.

#### 29.5 Fair Value

As at 31 December 2019 and 2018, financial assets and financial liabilities are mainly classified in short-term and loans and borrowings are bearing interest rates close to market interest rates. Thence, the management of the Company believes that the carrying amount of those financial assets and financial liabilities are immaterially differed from fair value.

#### 29.6 Fair Value Hierarchy

As at 31 December 2019 and 2018, fair value hierarchy of assets and liabilities in the statement of financial position is as follows:

As at 31 December 2019					
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
<b>Assets</b>					
Not measured at Fair Value but for which the Fair Value is disclosed					
Investment Property	124,988,568.42	-	-	141,170,000.00	141,170,000.00
As at 31 December 2018					
	Carrying Amount	Fair Value			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
	Baht	Baht	Baht	Baht	Baht
<b>Assets</b>					
Not measured at Fair Value but for which the Fair Value is disclosed					
Investment Property	124,988,568.42	-	-	141,170,000.00	141,170,000.00



### 30. Related Party Transactions

The Company has significant business transactions with the related parties. Such transactions are concluded on commercial terms and bases agreed upon between the Company and those related parties which are in ordinary course of business, are summarized as follows:

#### 30.1 Nature of Relationship of the Company

Names of Related Parties	Nature of Relationship
Integrated Leather Network Company Limited	Associate by Direct Shareholding
Eagle Chemical Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Applied DB Public Company Limited	Related Entity by Common Group of Shareholders and Executives
Mimi Industrial Company Limited	Related Entity by Common Group of Shareholders and Executives
Manwood Intertrade Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Wiring System Company Limited	Related Entity by Common Group of Shareholders and Executives
Thai Technical Nonwoven Company Limited	Related Entity by Common Group of Shareholders and Executives
CS Rubber Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
Jingdong CS Rubber Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Asset Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Holding Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Thanee Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Condotown Company Limited	Related Entity by Common Group of Shareholders and Executives
Charoensin Tanning Industry Company Limited	Related Entity by Common Group of Shareholders and Executives
V T Brother Company Limited	Related Entity by Common Group of Shareholders and Executives
Furano Air Company Limited	Related Entity by Common Group of Shareholders and Executives
Smart Sense Industrial Design Company Limited	Related Entity by Common Group of Shareholders and Executives
Khun Puvasith Wongcharoensin	Related Person by being the Director and Shareholder of the Company
Khun Natthajak Wongcharoensin	Related Person by being the Shareholder of the Company and Director and Shareholder of the Related Entity
Khun Thavatchai Wongcharoensin	Related Person by being the Shareholder and Ex-Director of the Company
Khun Lai Chi-Hsiang	Related Person by being the Shareholder and Ex-Director of the Company
Khun Artid Chenpreecha	Related Person by being the Shareholder and Ex-Director of the Company

## 30.2 Inter-Transactions

		Pricing Policies	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
<b>Associates</b>				
Revenue from Sales	Comparable prices with other entities		25,802.50	1,798,423.40
Consultancy Income	Cost plus margin prices		3,228,482.14	4,751,010.60
Rental Income	Mutual agreed prices		-	130,625.00
Purchase of Goods	Mutual agreed prices		-	2,255,053.29
Purchase of Raw Materials	Mutual agreed prices		14,202,664.00	484,074,863.41
<b>Related Entities</b>				
Revenue from Sales	Comparable prices with other entities		1,248,086.65	3,622,703.66
Rental Income	Mutual agreed prices		420,742.32	420,742.32
Sales of Equipment	Mutual agreed prices		481,246.72	-
Purchase of Raw Materials	Mutual agreed prices		341,014,181.98	376,754,225.03
Purchase of Supplies	Mutual agreed prices		2,582,055.54	2,271,850.00
Rental Expense	Mutual agreed prices		6,670,052.00	6,049,616.00
Other Expenses	Mutual agreed prices		1,978,354.91	1,222,341.90
Purchase of Equipment	Mutual agreed prices		977,383.25	-
<b>Related Persons</b>				
Consultancy Expense	Mutual agreed prices		3,600,000.00	-
Rental Expense	Mutual agreed prices		180,000.00	180,000.00
Other Expenses	Mutual agreed prices		423,440.45	352,663.43

## 30.3 Inter-Outstanding Balances

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
<b>Trade Receivables</b>		
Associates	-	41,173.60
Related Entities	196,113.35	1,593,055.80
Total	196,113.35	1,634,229.40
<b>Prepayment for Goods</b>		
Associates	7,848,458.82	7,848,458.82
Related Entities	-	720,000.00
Total	7,848,458.82	8,568,458.82
Allowance for Doubtful Accounts	(7,848,458.82)	-
Net	-	8,568,458.82
<b>Other Receivables</b>		
Associates	180,285.00	43,468.75
Related Entities	2,206.19	2,206.19
Total	182,491.19	45,674.94
<b>Trade Payables</b>		
Associates	2,512,821.80	2,512,821.80
Related Entities	83,470,125.09	151,748,552.10
Total	85,982,946.89	154,261,373.90
<b>Accrued Expenses</b>		
Related Entities	5,070.00	36,280.50
Total	5,070.00	36,280.50
<b>Accrued Interest Expenses</b>		
Related Persons	52,054.79	-
Total	52,054.79	-
<b>Post-Employment Benefits Payable</b>		
Related Persons	8,424,680.00	-
Total	8,424,680.00	-
<b>Other Payables</b>		
Related Entities	122,918.81	168,641.18
Related Persons	28,922.73	10,284.00
Total	151,841.54	178,925.18

	As at 31 December 2019 Baht	As at 31 December 2018 Baht
<b>Short-Term Borrowings</b>		
Related Persons		
Beginning Balance	-	-
Additional Borrowings	60,000,000.00	-
Repayment	-	-
Ending Balance	<u>60,000,000.00</u>	<u>-</u>

As at 31 December 2019, the whole amount of short-term borrowings from related persons is borrowings from the directors of the Company in form of loan agreement for 2 months, the interest rate of 2.50% per annum. Presently, the Company already has completed the repayment.

#### 30.4 Inter-Obligations

As at 31 December 2019 and 2018, the Company has obligations in accordance with the land lease contract with related entity as in Note 32.2.

As at 31 December 2019 and 2018, the Company has obligations in accordance with the buildings lease contracts with related parties as in Note 32.3.

As at 31 December 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons as in Note 32.5.

#### 30.5 Key Management Personnel Compensation

	For the year ended 31 December 2019 Baht	For the year ended 31 December 2018 Baht
Short-Term Employee Benefits	32,216,950.00	40,815,050.00
Post-Employment Benefits		
Defined Contribution Plans	500,592.00	568,464.00
Defined Benefit Plans	3,080,368.00	878,465.00
Special Severance Pay for Retirement	<u>2,535,000.00</u>	<u>7,605,000.00</u>
Total	<u>38,332,910.00</u>	<u>49,866,979.00</u>

**31. Cash Flows Information****31.1 Non-Cash Transactions**

Consist of:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	Baht	Baht
Acquisition of Property, Plant and Equipment		
By assuming Assets Payable		
Value of Assets in Property, Plant and Equipment	1,927,641.55	1,896,369.55
Value Added Tax in Trade and Other Current Receivables	100,963.85	48,368.58
By means of Finance Leases	965,046.72	4,299,065.42
Transfer Inventories to Property, Plant and Equipment	7,347,374.00	-
Transfer Property, Plant and Equipment		
to Other Intangible Assets	-	751,750.00
Transfer Property, Plant and Equipment to Non-Current Assets	-	330,998.08
Transfer Other Intangible Assets		
to Trade and Other Current Receivables	240,000.00	-
Transfer Prepayments for Assets		
to Trade and Other Current Receivables	695,412.00	-
Transfer Prepayments for Assets		
to Property, Plant and Equipment	3,788,340.00	-
Transfer Current Tax Assets to Prior Period Tax Assets	661,662.61	7,446,148.44
Post-Employment Benefits Payable	10,062,218.50	-
Share of Other Comprehensive Income of Associates	-	(90,019.60)
Gain (Loss) on Remeasurement of Defined Benefit Plans		
which is recognized in Other Comprehensive Income	3,569,478.00	(4,400.00)

## 31.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2019 and 2018, changes in liabilities arising from financing activities have the movement as follows:

	For the year ended 31 December 2019				
	Beginning Balance	Changes from	Effect of	Other Changes	Ending Balance
	As at	Financing	Changes in		As at
	1 January 2019	Cash Flows	Foreign		31 December 2019
	Baht	Baht	Exchange Rates	Baht	Baht
Defaulted Liabilities	-	-	-	21,562,032.28	21,562,032.28
Overdrafts and Short-Term Borrowings					
from Financial Institutions	1,200,386,786.29	(399,228,525.94)	(505,052.78)	(21,435,038.11)	779,218,169.46
Short-Term Borrowings	-	60,000,000.00	-	-	60,000,000.00
Long-Term Borrowings					
Current	13,404,000.00	(19,407,000.00)	-	66,454,000.00	60,451,000.00
Non-Current	41,108,000.00	40,000,000.00	-	(66,454,000.00)	14,654,000.00
Finance Lease Liabilities					
Current	10,916,045.67	(11,084,887.06)	-	10,416,811.82	10,247,970.43
Non-Current	25,119,296.23	-	-	(9,451,765.10)	15,667,531.13
Accrued Interest Expenses	3,653,848.97	(45,844,412.78)	-	44,740,276.07	2,549,712.26
Dividends Payable	1,013,832.65	(8,796,667.68)	-	8,796,885.68	1,014,050.65
Total	1,295,601,809.81	(384,361,493.46)	(505,052.78)	54,629,202.64	965,364,466.21

  

	For the year ended 31 December 2018				
	Beginning Balance	Changes from	Effect of	Other Changes	Ending Balance
	As at	Financing	Changes in		As at
	1 January 2018	Cash Flows	Foreign		31 December 2018
	Baht	Baht	Exchange Rates	Baht	Baht
Overdrafts and Short-Term Borrowings					
from Financial Institutions	649,082,803.45	553,523,198.22	(2,219,215.38)	-	1,200,386,786.29
Long-Term Borrowings					
Current	8,004,000.00	(11,154,000.00)	-	16,554,000.00	13,404,000.00
Non-Current	30,662,000.00	27,000,000.00	-	(16,554,000.00)	41,108,000.00
Finance Lease Liabilities					
Current	2,527,237.66	(7,490,325.88)	-	15,879,133.89	10,916,045.67
Non-Current	3,369,711.81	33,329,652.89	-	(11,580,068.47)	25,119,296.23
Accrued Interest Expenses	1,329,467.12	(30,335,440.55)	-	32,659,822.40	3,653,848.97
Dividends Payable	667,176.20	(1,982,479.01)	-	2,329,135.46	1,013,832.65
Total	695,642,396.24	562,890,605.67	(2,219,215.38)	39,288,023.28	1,295,601,809.81

### 32. Obligations and Contingent Liabilities

In addition to liabilities in the statement of financial position as at 31 December 2019 and 2018, the Company has obligations and contingent liabilities as follows:

32.1 As at 31 December 2019 and 2018, the Company has obligations and contingent liabilities with financial institutions as follows:

	As at 31 December 2019			As at 31 December 2018		
	Total Limit	Utilized Limit	Remaining Limit	Total Limit	Utilized Limit	Remaining Limit
Overdrafts						
Million Baht	100.00	(20.58)	79.42	100.00	(8.45)	91.55
Promissory Notes, Letters of Credit and Trust Receipts						
Million Baht	1,630.00	(780.09)	849.91	1,637.06	(1,167.28)	469.78
Million United States Dollar	3.00	(1.25)	1.75	3.00	(2.10)	0.90
Letters of Guarantee						
Million Baht	15.00	(7.59)	7.41	15.00	(7.26)	7.74
Currency Forward Contracts						
Million Baht	1,090.00	(122.18)	967.82	650.00	(94.02)	555.98
Corporate Credit Card						
Million Baht	1.60	(0.22)	1.38	1.60	(0.28)	1.32

32.2 As at 31 December 2019 and 2018, the Company has obligations to future land lease payments in accordance with the land lease contract which is classified as operating lease with related entity. The contract is for a period of 15 years ended 30 April 2032, the lease rate is in the amount of Baht 0.06 million per month, which the lessor has the right to increase the lease rate not over than 10% on every 3 years.

32.3 As at 31 December 2019 and 2018, the Company has obligations to future buildings lease payments in accordance with the buildings lease contracts which are classified as operating lease with related parties as follows:

	As at	As at
	31 December 2019	31 December 2018
	<u>Million Baht</u>	<u>Million Baht</u>
Not later than 1 year	5.56	5.56
Later than 1 year but not later than 5 years	4.02	8.04
Total	<u>9.58</u>	<u>13.60</u>

32.4 As at 31 December 2019 and 2018, the Company has obligations to future buildings lease and office equipment lease payments in accordance with the buildings lease contracts and the office equipment lease contracts which are classified as operating leases with other entities as follows:

	As at	As at
	31 December 2019	31 December 2018
	<u>Million Baht</u>	<u>Million Baht</u>
Not later than 1 year	2.39	2.86
Later than 1 year but not later than 5 years	2.99	3.41
Total	<u>5.38</u>	<u>6.27</u>

- 32.5 As at 31 December 2019, the Company has obligations in accordance with the professional or consultant hire contracts with related persons. The contracts are for a period of 12 months ended 31 December 2020, the consultancy rate is in the amount of Baht 0.60 million per month.
- 32.6 As at 31 December 2019 and 2018, the Company has obligations in accordance with the service contracts with other entities in the amount of Baht 6.44 million and of Baht 14.21 million respectively.
- 32.7 As at 31 December 2019 and 2018, the Company has obligations to future payments for capital expenditure with other entities to acquire significant property, plant and equipment which are not yet recognized as follows:

	As at 31 December 2019	As at 31 December 2018
Million Thailand Baht	1.36	15.50
Million United States Dollar	0.02	0.01
Million Euro Zone	0.11	0.17

### 33. Reclassifications

The financial information for the prior period which is presented as comparative information has been reclassified for comparability with the classification in the financial statements for the current period, which does not have any effect on profit (loss) for the year or the shareholders' equity already reported, are summarized as follows:

	As Previously Reported Baht	Reclassification Baht	As Currently Report Baht
<b>Statement of Financial Position</b>			
<b>As at 31 December 2018</b>			
Trade and Other Current Receivables	706,272,704.43	3,704,048.65	709,976,753.08
Investment Property	124,988,568.42	2,463,637.72	127,452,206.14
Property, Plant and Equipment	630,999,885.87	(2,463,637.72)	628,536,248.15
Trade and Other Current Payables	387,374,505.94	3,704,048.65	391,078,554.59
<b>Statement of Financial Position</b>			
<b>As at 1 January 2018</b>			
Trade and Other Current Receivables	256,754,056.95	9,267,705.18	266,021,762.13
Investment Property	124,988,568.42	2,463,637.72	127,452,206.14
Property, Plant and Equipment	458,401,244.02	(2,463,637.72)	455,937,606.30
Trade and Other Current Payables	250,423,400.57	9,267,705.18	259,691,105.75

### 34. Approval of the Financial Statements

These financial statements have been approved for issue by the Board of Directors of CPL Group Public Company Limited on 24 February 2020.