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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 February 2021.

1. **General information**

Yuasa Battery (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Market for Alternative Investment (MAI) on 21 November 1994. The Company’s registered office at No. 164, Moo 5, Soi Thedsaban 55, Sukhumvit Road, Tambol Taibanmai, Amphur Muangsamutprakan, Samutprakan.

The Company’s major shareholders during the financial year were GS Yuasa International Ltd. (40.69% shareholding) which was incorporated in Japan and Metropolitan Motor Service Co., Ltd. (19.13% shareholding) which was incorporated in Thailand.

The principal activities of the Company and its subsidiary (“the Group”) are the manufacturing and distributing of batteries for automobiles and motorcycles. Details of the Company’s subsidiary as at   
31 December 2020 and 2019 are given in note 9.

1. **Basis of preparation of the financial statements**

*(a) Statement of compliance*

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

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

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* which have no material impact on the financial statements.

*(b) Functional and presentation currency*

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

*(c) Use of judgements and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Judgements*

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

3(k) and 12 Leases:

* whether an arrangement contains a lease;
* whether the Group is reasonably certain to exercise extension options;
* whether the Group exercise termination options;
* whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.

*Assumptions and estimation uncertainties*

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

15 Measurement of defined benefit obligations: key actuarial assumptions

21 Recognition of deferred tax assets: availability of future taxable profit against which  
 deductible temporary differences can be utilised.

24 Measurement of ECL allowance for trade receivables: key assumptions in determining

the weighted-average loss rate;

1. **Significant accounting policies**

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

## Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

*Subsidiary*

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

*Loss of control*

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

*Transactions eliminated on consolidation*

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

## Investments in subsidiary

Investments in subsidiary in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

Disposal of investments in the separate financial statements

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

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

## Foreign currency transactions

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

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

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

Foreign currency differences arising from the translation are recognised in profit or loss.

## Financial instruments

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

*(d.1) Recognition and initial measurement*

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

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

*(d.2) Classification and subsequent measurement*

*Financial assets - classification*

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

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

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

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

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

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

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

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

*Financial assets - business model assessment*

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

* the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
* how the performance of the portfolio is evaluated and reported to the Group’s management;
* the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
* how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
* the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

*Financial assets - subsequent measurement and gains and losses*

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

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

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

*(d.3) Derecognition*

*Financial assets*

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

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

*Financial liabilities*

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

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

*(d.4) Offsetting*

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

*(d.5) Derivatives*

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

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

Investments in debt securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Disposal of investments

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

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

Derivatives

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

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

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

## Cash and cash equivalents

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

## Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is measured at transaction price less allowance for expected credit loss *(2019: allowance for doubtful accounts)* which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

## Inventories

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

Cost of factory supplies using weighted average cost principle. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost. Cost of finished goods of a subsidiary is calculated using the first in first out principle.

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

## Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

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

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

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

|  |  |  |
| --- | --- | --- |
| Building and constructions | 20 | years |

No depreciation is provided on freehold land.

## Property, plant and equipment

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

*Subsequent costs*

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

*Depreciation*

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

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

|  |  |  |
| --- | --- | --- |
| Building and constructions | 33 | years |
| Machinery and equipment | 10 - 15 | years |
| Furniture, fixtures and office equipment | 3 and 5 | years |
| Vehicles | 5 | years |

No depreciation is provided on freehold land and assets under construction and installation.

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

## Intangible assets

*Computer software*

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

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*Amortisation*

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

|  |  |  |
| --- | --- | --- |
| Computer software | 5 | years |

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

## Leases

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

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

*As a lessee*

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

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

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

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

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

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

*As a lessor*

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

## Accounting policies applicable before 1 January 2020

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

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease

As a lessor, rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

## Impairment of financial assets

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

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

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

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

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

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

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

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Group recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

*Write-off*

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

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

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

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

*Calculation of recoverable amount*

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

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

*Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

## Impairment of non-financial assets

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

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

*Calculation of recoverable amount*

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

*Reversal of impairment*

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

## Employee benefits

Defined contribution plans

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

*Defined benefit plans*

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

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

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

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

*Other long-term employee benefits*

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

Short-term employee benefits

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

## Provisions

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

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

## Fair values measurement

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

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

* *Level 1*: quoted prices in active markets for identical assets or liabilities.
* *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
* *Level 3*: inputs for the asset or liability that are based on unobservable input.

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

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

## Revenue

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

*Sale of goods*

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

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

## Other income

Other income comprises interest income and others.

## Interest

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

*Effective Interest Rate (EIR)*

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

* the gross carrying amount of the financial asset; or
* the amortised cost of the financial liability.

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

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

Interest income is recognised in profit or loss at the rate specified in the contract.

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

## Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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

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

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

## Earnings per share

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

## Related parties

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

## Segment reporting

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

1. **Impact of COVID-19 Outbreak**

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas.   
In 2020, the Group’s business was significantly affected by the from COVID-19 outbreak, resulting in a significant decline in revenue. However, the management will constantly provide commercial support to the customers and make the effort to reduce such impact by adjusting the operating process, cutting costs and other procedures.

# Related parties

Relationship with subsidiary are described in note 9. Other related parties that the Group had significant transactions with during the year were as follows:

|  | **Country of** |  |
| --- | --- | --- |
|  | **incorporation/** |  |
| **Name of entities** | **nationality** | **Nature of relationships** |
| GS Yuasa International Ltd. | Japan | A major shareholder, 40.69% shareholding, and having a representative as a director of the Company |
| Metropolitan Motor Service Co., Ltd. | Thailand | A major shareholder, 19.13% shareholding |
| Manutham Mansion and Development Co., Ltd. | Thailand | Common director |
| Fuji Merchantiles Co., Ltd. | Thailand | Common director and shareholder |
| GS Yuasa Corporation | Japan | Ultimate parent company |
| Yuasa Battery (Malaysia) Sdn Bhd. | Malaysia | Common ultimate parent company |
| Tata Autocomp GY Battery Private Ltd. | India | Common ultimate parent company |
| Taiwan Yuasa Battery Co., Ltd. | Taiwan | Common ultimate parent company |
| Siam GS Battery Co., Ltd. | Thailand | Common ultimate parent company |
| Siam GS Sales Co., Ltd. | Thailand | Common ultimate parent company |
| Yuasa Battery (Shunde) Co., Ltd. | China | Common ultimate parent company |
| Tianjin Yuasa Batteries Co., Ltd. | China | Common ultimate parent company |
| Yuasa Battery, Inc. | United States of America | Common ultimate parent company |
| Key management personnel | Thailand and Japan | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for each transaction are explained further below:

|  |  |  |
| --- | --- | --- |
| **Transactions** |  | **Pricing policies** |
| Revenue from sale of goods |  | Market price |
| Commission income |  | At agreed price |
| Rental and service income |  | Contract price |
| Service income |  | At agreed price |
| Purchase of raw materials and goods |  | Market price |
| Purchase of machinery and equipment |  | At agreed price |
| Royalty fee |  | Contract price |
| Dividends paid |  | As announced |

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

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
| *Year ended 31 December* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Revenue from sale of goods | - |  | - |  | 1,014,613 |  | 948,778 |
| Rental and service income | - |  | - |  | 1,351 |  | 1,367 |
| Service income | - |  | - |  | 248 |  | 552 |
| Purchase goods | - |  | - |  | 13 |  | - |
|  |  | | | | | | |
| **Other related parties** |  |  |  |  |  |  |  |
| Revenue from sale of goods | 134,857 |  | 145,565 |  | 134,857 |  | 145,439 |
| Commission income | 624 |  | 851 |  | 624 |  | 851 |
| Purchase of raw materials and goods | 189,718 |  | 179,818 |  | 189,718 |  | 179,818 |
| Purchase of machinery and equipment | 872 |  | 2,009 |  | 872 |  | 2,009 |
| Royalty fee | 31,557 |  | 34,919 |  | 31,557 |  | 34,919 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Key management personnel** |  | |  |  |  |  |  |  |
| Key management personnel compensation | |  |  |  |  |  |  |  |
| Short-term employee benefits | 30,155 | |  | 29,060 |  | 30,155 |  | 23,578 |
| Post-employment benefits | 1,164 | |  | 2,487 |  | 1,164 |  | 1,945 |
| **Total key management personnel** |  | |  |  |  |  |  |  |
| **compensation** | **31,319** | |  | **31,547** |  | **31,319** |  | **25,523** |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Trade receivables*** | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | - |  | **-** |  | 183,992 |  | 213,164 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Yuasa Battery (Malaysia) Sdn Bhd. | 21,908 |  | 21,552 |  | 21,908 |  | 21,552 |
| Yuasa Battery (Shunde) Co., Ltd. | 1,307 |  | 599 |  | 1,307 |  | 599 |
| GS Yuasa International Ltd. | 496 |  | 1,154 |  | 496 |  | 1,154 |
| Yuasa Battery, Inc. | 111 |  | 116 |  | 111 |  | 116 |
| Tata Autocomp GY Battery Private Ltd. | - |  | 13 |  | - |  | 13 |
| **Total** | **23,822** |  | **23,434** |  | **207,814** |  | **236,598** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current receivables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | - |  | - |  | 175 |  | 550 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 5,235 |  | 2,379 |  | 5,235 |  | 2,379 |
| Taiwan Yuasa Battery Co., Ltd. | 280 |  | 162 |  | 280 |  | 162 |
| **Total** | **5,515** |  | **2,541** |  | **5,690** |  | **3,091** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Trade payables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiary** |  |  |  |  |  |  |  |
| Yuasa Sales and Distribution Co., Ltd. | - |  | - |  | 13 |  | - |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 30,382 |  | 36,900 |  | 30,382 |  | 36,900 |
| Siam GS Sales Co., Ltd. | 34 |  | - |  | 34 |  | - |
| **Total** | **30,416** |  | **36,900** |  | **30,429** |  | **36,900** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Other current payables* | Consolidated | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Payable for fixed assets purchased*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 1,213 |  | 284 |  | 1,213 |  | 284 |
|  |  |  |  |  |  |  |  |
| ***Accrued royalty fee*** |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| GS Yuasa International Ltd. | 31,557 |  | 34,919 |  | 31,557 |  | 34,919 |
|  |  |  |  |  |  |  |  |
| ***Accrued remuneration expense*** |  |  |  |  |  |  |  |
| Key management | 6,350 |  | - |  | 6,350 |  | - |

***Significant agreements with related parties***

*Technical Assistance Agreements*

On 1 January 2009, the Company entered into technical assistance agreements with GS Yuasa International Ltd. whereby the latter agreed to grant the Company the rights to use technical know-how and expertise related to manufacturing of automotive and motorcycle batteries as well as to use trademarks owned by GS Yuasa Corporation. The Company is committed to pay royalty fee at the rates as specified in the agreements. These agreements shall remain effective for 5 years and will be automatically renewed for another one year each unless terminated by either party giving notice in writing at least 90 days before the expiration of the agreements.

*Rental Agreement*

On 7 December 2018, the Company entered into a rental agreement with Yuasa Sales and Distribution Co., Ltd. covering its office premises, warehouse space and related facilities with the rental and service income as specified in the agreement. The agreement is for a period of 2 years and shall be renewed on an annual basis.

# Cash and cash equivalents

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 155 |  | 144 |  | 30 |  | 34 |
| Cash at banks - current accounts | 41 |  | 41 |  | 3 |  | 3 |
| Cash at banks - savings accounts | 370,212 |  | 202,962 |  | 342,131 |  | 156,520 |
| Cheques on hand | - |  | 35 |  | - |  | - |
| **Total** | **370,408** |  | **203,182** |  | **342,164** |  | **156,557** |

# Debt instrument held to maturity

On 31 July 2019, the Company had debt instrument held to maturity which represents promissory note that the Company has the positive intent and ability to hold to maturity. Debt instrument held to maturity has interest rate of 1.72% per annum and mature in April 2020. Interest income for the year ended   
31 December 2020 amounting to Baht 0.21 million *(2019: Baht 0.36 million).*

# Inventories

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 78,399 |  | 70,222 |  | 71,626 |  | 63,478 |
| Work in progress | 35,012 |  | 44,857 |  | 35,012 |  | 44,857 |
| Semi-raw materials | 38,380 |  | 33,296 |  | 38,380 |  | 33,296 |
| Raw materials | 58,452 |  | 66,738 |  | 58,452 |  | 66,738 |
| Factory supplies | 22,073 |  | 22,037 |  | 22,059 |  | 22,018 |
| Goods in transit | 23,774 |  | 19,759 |  | 23,774 |  | 19,759 |
| **Total** | **256,090** |  | **256,909** |  | **249,303** |  | **250,146** |
| *Less* allowance for decline in value | (4,324) |  | (4,039) |  | (3,586) |  | (3,772) |
| **Net** | **251,766** |  | **252,870** |  | **245,717** |  | **246,374** |
|  |  |  |  |  |  |  |  |
| Inventories recognised  in cost of sales of goods |  |  |  |  |  |  |  |
| - Cost | 1,489,910 |  | 1,685,555 |  | 1,501,511 |  | 1,690,570 |
| - Write-down to net realisable value | 2,664 |  | 965 |  | 2,192 |  | 2,419 |
| **Net** | **1,492,574** |  | **1,686,520** |  | **1,503,703** |  | **1,692,989** |
|  |  |  |  |  |  |  |  |

# Investment in subsidiary

Investment in subsidiary as at 31 December 2020 and 2019, and dividend income from this investment for the years then ended, were as follows:

|  |  | Separate financial statements | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income | | |
|  | Type of | Ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost - net | | |  | for the year | | |
|  | business | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Subsidiary*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Yuasa Sales and | Distribution |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Distribution Co., Ltd. | of battery | 99.99 |  | 99.99 |  | 1,000 |  | 1,000 |  | 1,000 |  | 1,000 |  | - |  | - |  | 1,000 |  | 1,000 |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | 1,000 |  | **1,000** |  | **-** |  | **-** |  | **1,000** |  | **1,000** |  | **-** |  | **-** |

A subsidiary was registered and incorporated in Thailand.

# Investment properties

|  | **Consolidated financial statements** | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Land |  | Buildings and constructions |  | Total | |
|  | *(in thousand Baht)* | | | | | |
| ***Cost*** |  |  |  |  |  | |
| At 1 January 2019 | 2,371 |  | 1,910 |  | 4,281 | |
| **At 31 December 2019 and 1 January 2020** | **2,371** |  | **1,910** |  | **4,281** | |
| **At 31 December 2020** | **2,371** |  | **1,910** |  | **4,281** | |
|  |  |  |  |  |  | |
| ***Depreciation and impairment losses*** |  |  |  |  |  | |
| At 1 January 2019 | 50 |  | 1,784 |  | 1,834 | |
| Depreciation charge for the year | - |  | 95 |  | 95 | |
| **At 31 December 2019 and 1 January 2020** | **50** |  | **1,879** |  | **1,929** | |
| Depreciation charge for the year | - |  | 31 |  | 31 | |
| **At 31 December 2020** | **50** |  | **1,910** |  | **1,960** | |
|  |  |  |  |  |  | |
| ***Net book value*** |  |  |  |  |  | |
| **At 31 December 2019** | **2,321** |  | **31** |  | **2,352** | |
| **At 31 December 2020** | **2,321** |  | **-** |  | **2,321** | |

|  | **Separate**  **financial statements** |
| --- | --- |
|  | Land |
|  | *(in thousand Baht)* |
| ***Cost*** |  |
| At 1 January 2019 | 92 |
| **At 31 December 2019 and 1 January 2020** | **92** |
| **At 31 December 2020** | **92** |
|  |  |
| ***Depreciation*** |  |
| At 1 January 2019 | - |
| **At 31 December 2019 and 1 January 2020** | **-** |
| **At 31 December 2020** | **-** |
|  |  |
| ***Net book value*** |  |
| **At 31 December 2019** | **92** |
| **At 31 December 2020** | **92** |

Information relating to leases are disclosed in note 12.

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Year ended 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Amount recognised in profit or loss*** |  |  |  |  |  |  |  |
| Rental income | 319 |  | 310 |  | 319 |  | 310 |

The fair value of investment properties as at 31 December 2020 of Baht 34.5 million *(2019: Baht 34.5 million)* was determined by independent professional valuers, at open market values on an existing use basis. The fair value measurement for investment properties has been categorised as a Level 3 fair value.

# Property, plant and equipment

|  | **Consolidated financial statements** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Furniture, |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  | fixtures |  |  |  | construction |  |  |
|  |  |  | Building and |  | and |  | and office |  |  |  | and |  |  |
|  | Land |  | constructions |  | equipment |  | equipment |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2019 | 27,790 |  | 157,321 |  | 855,678 |  | 60,551 |  | 7,618 |  | 29,243 |  | 1,138,201 |
| Additions | - |  | 16 |  | 7,520 |  | 3,289 |  | 1,522 |  | 41,084 |  | 53,431 |
| Transfers | - |  | 29,690 |  | 22,396 |  | 998 |  | - |  | (53,084) |  | - |
| Disposals | - |  | (396) |  | (18,447) |  | (1,081) |  | (746) |  | - |  | (20,670) |
| **At 31 December 2019 and 1 January 2020** | **27,790** |  | **186,631** |  | **867,147** |  | **63,757** |  | **8,394** |  | **17,243** |  | **1,170,962** |
| Recognition of right-of-use asset  on initial application of TFRS 16 | - |  | - |  | - |  | - |  | (8,394) |  | - |  | (8,394) |
| **At 1 January 2020 - as adjusted** | **27,290** |  | **186,631** |  | **867,147** |  | **63,757** |  | **-** |  | **17,243** |  | **1,162,568** |
| Additions | - |  | 386 |  | 7,151 |  | 7,002 |  | - |  | 31,541 |  | 46,080 |
| Transfers | - |  | 8,680 |  | 26,975 |  | 1,791 |  | - |  | (37,446) |  | - |
| Disposals | - |  | (782) |  | (31,060) |  | (10,189) |  | - |  | - |  | (42,031) |
| **At 31 December 2020** | **27,290** |  | **194,915** |  | **870,213** |  | **62,361** |  | **-** |  | **11,338** |  | **1,166,617** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2019 | - |  | 52,587 |  | 644,071 |  | 42,569 |  | 2,874 |  | - |  | 742,101 |
| Depreciation charge for the year | - |  | 4,407 |  | 33,326 |  | 6,328 |  | 1,580 |  | - |  | 45,641 |
| Impairment losses | - |  | - |  | - |  | - |  | - |  | 1,001 |  | 1,001 |
| Disposals | - |  | (223) |  | (16,476) |  | (1,076) |  | (311) |  | - |  | (18,086) |
| **At 31 December 2019 and 1 January 2020** | **-** |  | **56,771** |  | **660,921** |  | **47,821** |  | **4,143** |  | **1,001** |  | **770,657** |
| Recognition of depreciation of right-of-use assets on initial application of TFRS 16 | - |  | - |  | - |  | - |  | (4,143) |  | - |  | (4,143) |
| **At 1 January 2020 - as adjusted** | **-** |  | **56,771** |  | **660,921** |  | **47,821** |  | **-** |  | **1,001** |  | **766,514** |
| Depreciation charge for the year | - |  | 5,135 |  | 30,211 |  | 6,580 |  | - |  | - |  | 41,926 |
| Disposals | - |  | (448) |  | (29,983) |  | (10,126) |  | - |  | - |  | (40,557) |
| Impairment losses | - |  | - |  | - |  | - |  | - |  | - |  | - |
| **At 31 December 2020** | **-** |  | **61,458** |  | **661,149** |  | **44,275** |  | **-** |  | **1,001** |  | **767,883** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 129,860 |  | 206,226 |  | 15,936 |  | - |  | 16,242 |  | 396,054 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,251 |  | - |  | 4,251 |
|  | **27,790** |  | **129,860** |  | **206,226** |  | **15,936** |  | **4,251** |  | **16,242** |  | **400,305** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2020** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 133,457 |  | 209,064 |  | 18,086 |  | - |  | 10,337 |  | 398,734 |
|  | **27,290** |  | **133,457** |  | **209,064** |  | **18,086** |  | **-** |  | **10,337** |  | **398,734** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  | **Separate financial statements** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Furniture, |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  | fixtures |  |  |  | construction |  |  |
|  |  |  | Building and |  | and |  | and office |  |  |  | and |  |  |
|  | Land |  | constructions |  | equipment |  | equipment |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2019 | 27,790 |  | 157,321 |  | 855,678 |  | 56,570 |  | 7,618 |  | 29,243 |  | 1,134,220 |
| Additions | - |  | 16 |  | 7,520 |  | 3,146 |  | 1,522 |  | 41,084 |  | 53,288 |
| Transfers | - |  | 29,690 |  | 22,396 |  | 998 |  | - |  | (53,084) |  | - |
| Disposals | - |  | (396) |  | (18,447) |  | (708) |  | (746) |  | - |  | (20,297) |
| **At 31 December 2019 and 1 January 2020** | **27,790** |  | **186,631** |  | **867,147** |  | **60,006** |  | **8,394** |  | **17,243** |  | **1,167,211** |
| Recognition of right-of-use asset  on initial application of TFRS 16 | - |  | - |  | - |  | - |  | (8,394) |  | - |  | (8,394) |
| **At 1 January 2020 - as adjusted** | **27,790** |  | **186,631** |  | **867,147** |  | **60,006** |  | **-** |  | **17,243** |  | **1,158,817** |
| Additions | - |  | 386 |  | 7,151 |  | 6,572 |  | - |  | 31,541 |  | 45,650 |
| Transfers | - |  | 8,680 |  | 26,975 |  | 1,791 |  | - |  | (37,446) |  | - |
| Disposals | - |  | (782) |  | (31,060) |  | (9,864) |  | - |  | - |  | (41,706) |
| **At 31 December 2020** | **27,790** |  | **194,915** |  | **870,213** |  | **58,505** |  | **-** |  | **11,338** |  | **1,162,761** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2019 | - |  | 52,587 |  | 644,071 |  | 39,179 |  | 2,875 |  | **-** |  | 738,712 |
| Depreciation charge for the year | - |  | 4,407 |  | 33,326 |  | 6,119 |  | 1,579 |  | **-** |  | 45,431 |
| Impairment losses | - |  | **-** |  | **-** |  | **-** |  | **-** |  | 1,001 |  | 1,001 |
| Disposals | - |  | (223) |  | (16,476) |  | (704) |  | (311) |  | **-** |  | (17,714) |
| **At 31 December 2019 and 1 January 2020** | **-** |  | **56,771** |  | **660,921** |  | **44,594** |  | **4,143** |  | **1,001** |  | **767,430** |
| Recognition of depreciation of right-of-use assets on initial application of TFRS 16 | - |  | - |  | - |  | - |  | (4,143) |  | - |  | (4,143) |
| **At 1 January 2020 - as adjusted** | **-** |  | **56,771** |  | **660,921** |  | **44,594** |  | **-** |  | **1,001** |  | **763,287** |
| Depreciation charge for the year | - |  | 5,135 |  | 30,211 |  | 6,360 |  | - |  | - |  | 41,706 |
| Disposals | - |  | (448) |  | (29,983) |  | (9,807) |  | - |  | - |  | (40,238) |
| **At 31 December 2020** | **-** |  | **61,458** |  | **661,149** |  | **41,147** |  | **-** |  | **1,001** |  | **764,755** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 129,860 |  | 206,226 |  | 15,412 |  | - |  | 16,242 |  | 395,530 |
| Assets under finance leases | - |  | - |  | - |  | - |  | 4,251 |  | - |  | 4,251 |
|  | **27,790** |  | **129,860** |  | **206,226** |  | **15,412** |  | **4,251** |  | **16,242** |  | **399,781** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2020** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 27,790 |  | 133,457 |  | 209,064 |  | 17,358 |  | - |  | 10,337 |  | 398,006 |
|  | **27,790** |  | **133,457** |  | **209,064** |  | **17,358** |  | **-** |  | **10,337** |  | **398,006** |

The gross amount of the Group’s and the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2020 amounted to Baht 561.8 million and Baht 559.3 million, respectively *(2019: Baht 546.6 million and Baht 543.9 million, respectively)*.

*Security*

As at 31 December 2020, the Group’s and the Company’s land and constructions thereon with a net book value of Baht 30 million *(2019: Baht 30 million)* have been mortgaged as collateral for some facilities amounted to Baht 137.5 million *(2019: Baht 137.5 million)* obtained from a financial institution (see note 13).

# Leases

*As a lessee*

| ***At 31 December 2020*** | Consolidated  financial statements |  | Separate  financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***Right-of-use assets*** |  |  |  |
| Machinery and equipment | 1,977 |  | 1,977 |
| Vehicles | 4,252 |  | 4,252 |
| Office equipment | 602 |  | 483 |
| **Total** | **6,831** |  | **6,712** |

In 2020, additions to the right-of-use assets of the Group and the Company were Baht 4.4 million and Baht 4.4 million, respectively.

The Group leases a number of machinery and equipment, office equipment and vehicles for 2 - 5 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Amounts recognised in profit or loss*** |  |  |  |  |  |  |  |
| Depreciation of right-of-use assets: |  |  |  |  |  |  |  |
| * + - Machinery and equipment | 631 |  | - |  | 631 |  | - |
| * + - Vehicles | 1,795 |  | - |  | 1,795 |  | - |
| * + - Office equipment | 309 |  | - |  | 256 |  | - |
| Interest on lease liabilities | 796 |  | - |  | 785 |  | - |
| Expenses relating to short-term leases | 376 |  | - |  | 376 |  | - |
| Lease expense | - |  | 4,303 |  | - |  | 4,230 |

In 2020, total cash outflow for leases of the Group and the Company were Baht 3.5 million and Baht 3.5 million, respectively.

*As a lessor*

The leases of investment properties comprise a commercial property that are leased to third parties under operating leases. Each of the leases contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee. For all investment property leases, the rental income is fixed under the contracts.

| ***Minimum lease payments under non-cancellable operating lease are receivable:*** | Consolidated  financial statements |  | Separate  financial statements |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 31 December 2019*** |  |  |  |
| Within 1 year | 319 |  | 319 |
| **Total** | **319** |  | **319** |

# Interest-bearing liabilities

As at 31 December 2020, the Company had unutilised facilities with certain financial institutions totalling Baht 746.2 million *(2019: Baht 746.2 million)*, which some unutilised facilities from a financial institution of Baht 131.2 million *(2019: Baht 131.2 million)* were mortgaged by land and constructions thereon (see note 11).

As at 31 December 2020, a subsidiary had unutilised facilities with a financial institution of Baht 5 million *(2019: Baht 5 million)* which was guaranteed by the parent company.

|  | **Consolidated / Separate financial statements** | | | | |
| --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | |
| ***Finance lease liabilities*** | Minimum lease payments |  | Interest |  | Present value of minimum lease payments |
|  | *(in thousand Baht)* | | | | |
| ***At 31 December 2019*** |  |  |  |  |  |
| Within 1 year | 2,072 |  | (323) |  | 1,749 |
| 1 - 5 years | 3,182 |  | (294) |  | 2,888 |
| **Total** | **5,254** |  | **(617)** |  | **4,637** |

# Other current payables

|  |  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| Accrued operating expenses |  | 48,556 |  | 40,649 |  | 41,994 |  | 34,543 |
| Accrued rebate expenses |  | 41,724 |  | 32,032 |  | 980 |  | 3,370 |
| Accrued royalty expenses | *5* | 31,557 |  | 34,919 |  | 31,557 |  | 34,919 |
| Others |  | 25,773 |  | 18,642 |  | 22,866 |  | 15,655 |
| **Total** |  | **147,610** |  | **126,242** |  | **97,397** |  | **88,487** |

# Provision for employee benefits

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | Separate | | |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Post-employment benefits | 94,746 |  | 85,916 |  | 87,507 |  | 71,319 |
| Other long-term employee benefits | 1,815 |  | 1,164 |  | 1,740 |  | 1,085 |
| **Total** | **96,561** |  | **87,080** |  | **89,247** |  | **72,404** |

***Defined benefit plan***

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

| ***Present value of the defined*** |  | **Consolidated** | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***benefit obligations*** |  | financial statements | | |  | financial statements | | |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 87,080 |  | 66,601 |  | 72,404 |  | 54,824 |
|  |  |  |  |  |  |  |  |  |
| **Included in profit or loss** |  |  |  |  |  |  |  |  |
| Past service costs |  | - |  | 9,761 |  | - |  | 8,100 |
| Current service costs |  | 8,123 |  | 5,482 |  | 7,558 |  | 4,944 |
| Interest on obligation |  | 1,544 |  | 2,130 |  | 1,427 |  | 1,768 |
|  | *19* | **9,667** |  | **17,373** |  | **8,985** |  | **14,812** |
|  |  |  |  |  |  |  |  |  |
| **Included in other comprehensive income** |  |  |  |  |  |  |  |  |
| Actuarial (gain) loss |  |  |  |  |  |  |  |  |
| - Demographic assumptions |  | 5,576 |  | (5,576) |  | 5,293 |  | (5,293) |
| - Financial assumptions |  | (5) |  | 13,322 |  | 1,985 |  | 10,257 |
| - Experience adjustment |  | 1,715 |  | 3,171 |  | 8,052 |  | 4,442 |
|  |  | **7,286** |  | **10,917** |  | **15,330** |  | **9,406** |
|  |  |  |  |  |  |  |  |  |
| Benefits paid |  | (7,472) |  | (7,811) |  | (7,472) |  | (6,638) |
|  |  |  |  |  |  |  |  |  |
| **At 31 December** |  | **96,561** |  | **87,080** |  | **89,247** |  | **72,404** |

| ***Principal actuarial assumptions*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(%)* | | | | | | |
| Discount rate | 0.92 - 1.60 |  | 1.36 - 1.80 |  | 0.92 - 1.60 |  | 1.36 - 1.80 |
| Future salary growth | 5.00 - 6.00 |  | 5.00 - 6.00 |  | 5.00 |  | 5.00 |
| Employee turnover | 1.91 - 22.92 |  | 1.91 - 22.92 |  | 1.91 - 22.92 |  | 1.91 - 22.92 |

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

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 9.83 - 16.21 years *(2019: 7.38 - 16.43 years)*.

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligation.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Effect of the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (5,266) |  | (7,567) |  | 5,690 |  | 8,769 |
| Future salary growth | 10,828 |  | 8,935 |  | (9,495) |  | (7,824) |
| Employee turnover | (5,104) |  | (6,334) |  | 5,784 |  | 5,735 |
|  |  |  |  |  |  |  |  |
|  | Separate financial statements | | | | | | |
| ***Effect of the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (4,859) |  | (6,233) |  | 5,249 |  | 7,226 |
| Future salary growth | 10,032 |  | 7,410 |  | (8,803) |  | (6,487) |
| Employee turnover | (4,669) |  | (5,437) |  | 5,275 |  | 4,930 |

# Share capital

| ***Authorised/*** | Par value |  | 2020 | | |  | 2019 | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***issued and paid-up shares*** | per share |  | Number |  | Baht |  | Number |  | Baht |
|  | *(in Baht)* |  | *(thousand shares /in thousand Baht)* | | | | | | |
| At 1 January |  |  |  |  |  |  |  |  |  |
| - ordinary shares | *1* |  | 107,625 |  | 107,625 |  | 107,625 |  | 107,625 |
|  |  |  |  |  |  |  |  |  |  |
| **At 31 December** |  |  |  |  |  |  |  |  |  |
| **- ordinary shares** | *1* |  | **107,625** |  | **107,625** |  | **107,625** |  | **107,625** |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Share premium*

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

# Legal reserve

According to the Company’s regulation, the Company shall allocate not less than 10% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 25% of the registered authorised capital. The legal reserve is not available for dividend distribution.

# Segment information and disaggregation of revenue

Management considers that the Group operates in a single line of business, namely batteries, and has, therefore, only one reportable segment.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated financial statements | | |
|  | For the year ended | | |
|  | 31 December | | |
|  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | |
| ***Information about reportable segment*** |  |  |  |
| External revenue | 2,070,143 |  | 2,253,062 |
| Internal revenue | 1,014,613 |  | 948,778 |
| **Total revenue** | **3,084,756** |  | **3,201,840** |
| Elimination of internal revenue | (1,014,613) |  | (948,778) |
| **Consolidated revenue** | **2,070,143** |  | **2,253,062** |

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
| ***For the year ended 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Disaggregation of revenue*** |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  |  |
| Thailand | 1,706,919 |  | 1,751,345 |  | 1,634,443 |  | 1,668,402 |
| Other countries | 363,224 |  | 501,717 |  | 363,224 |  | 501,717 |
| **Total** | **2,070,143** |  | **2,253,062** |  | **1,997,667** |  | **2,170,119** |
|  |  |  |  |  |  |  |  |
| **Major products** |  |  |  |  |  |  |  |
| Automobiles batteries | 897,904 |  | 915,958 |  | 859,442 |  | 868,680 |
| Motorcycles batteries | 1,116,212 |  | 1,275,649 |  | 1,082,198 |  | 1,239,984 |
| Other products | 56,027 |  | 61,455 |  | 56,027 |  | 61,455 |
| **Total** | **2,070,143** |  | **2,253,062** |  | **1,997,667** |  | **2,170,119** |
|  |  |  |  |  |  |  |  |
| **Customer groups** |  |  |  |  |  |  |  |
| Original Equipment Market (OEM) | 563,948 |  | 657,108 |  | 563,948 |  | 657,108 |
| Replacement Equipment Market (REM) | 1,086,008 |  | 1,031,720 |  | 1,013,532 |  | 948,174 |
| Export market | 363,224 |  | 501,717 |  | 363,224 |  | 501,717 |
| Others | 56,963 |  | 62,517 |  | 56,963 |  | 63,120 |
| **Total** | **2,070,143** |  | **2,253,062** |  | **1,997,667** |  | **2,170,119** |
|  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  |  |
| At a point in time | **2,070,143** |  | **2,253,062** |  | **1,997,667** |  | **2,170,119** |

***Geographical segments***

The Group is managed and operates principally in Thailand. In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. There are no material assets located in foreign countries.

***Major customer***

Revenues from a customer of the Group’s segments represents approximately Baht 350.3 million *(2019: Baht 420.6 million)* of the Group’s total revenues.

# Employee benefit expenses

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | Separate | | |
|  |  | financial statements | | |  | financial statements | | |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| Salaries, wages and bonus |  | 265,871 |  | 275,580 |  | 250,807 |  | 255,050 |
| Director’s remuneration |  | 14,317 |  | 7,552 |  | 14,317 |  | 7,552 |
| Defined benefit plans | *15* | 9,667 |  | 17,373 |  | 8,985 |  | 14,812 |
| Defined contribution plans |  | 4,185 |  | 3,595 |  | 3,881 |  | 3,274 |
| Others |  | 22,437 |  | 24,298 |  | 19,944 |  | 21,898 |
| **Total** |  | **316,477** |  | **328,398** |  | **297,934** |  | **302,586** |

*Defined contribution plans*

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

# Expenses by nature

|  |  | **Consolidated** | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | financial statements | | |  | financial statements | | |
|  | *Note* | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  | *(in thousand Baht)* | | | | | | |
| ***Included in cost of sales of goods:*** |  |  |  |  |  |  |  |  |
| Changes in inventories of finished |  |  |  |  |  |  |  |  |
| good and work in progress | *8* | (3,412) |  | 52,599 |  | (3,387) |  | 45,055 |
| Raw material and consumables used |  | 925,592 |  | 1,038,676 |  | 925,592 |  | 1,038,676 |
| Purchase of finished goods |  | 145,048 |  | 122,272 |  | 145,048 |  | 122,272 |
| Scrap sales |  | (32,962) |  | (40,263) |  | (21,387) |  | (27,703) |
| Employee benefit expenses | *19* | 218,374 |  | 238,979 |  | 218,374 |  | 238,979 |
| Others |  | 239,934 |  | 274,257 |  | 239,462 |  | 275,710 |
| **Total** |  | **1,492,574** |  | **1,686,520** |  | **1,503,702** |  | **1,692,989** |
|  |  |  |  |  |  |  |  |  |
| ***Included in distribution costs:*** |  |  |  |  |  |  |  |  |
| Excise tax |  | 182,925 |  | 186,816 |  | 182,925 |  | 186,816 |
| Royalty fee | *5* | 31,557 |  | 34,919 |  | 31,557 |  | 34,919 |
| Employee benefit expenses | *19* | 22,985 |  | 25,858 |  | 11,429 |  | 10,857 |
| Others |  | 48,243 |  | 55,943 |  | 17,994 |  | 28,534 |
| **Total** |  | **285,710** |  | **303,536** |  | **243,905** |  | **261,126** |
|  |  |  |  |  |  |  |  |  |
| ***Included in administrative expenses:*** |  |  |  |  |  |  |  |  |
| Employee benefit expenses | *19* | 75,118 |  | 63,561 |  | 68,132 |  | 52,750 |
| Depreciation and amortisation |  | 6,002 |  | 5,950 |  | 5,139 |  | 5,004 |
| Professional fees |  | 4,239 |  | 4,257 |  | 3,744 |  | 3,762 |
| Others |  | 14,583 |  | 21,655 |  | 10,997 |  | 15,473 |
| **Total** |  | **99,942** |  | **95,423** |  | **88,012** |  | **76,989** |

# Income tax

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | Separate | | |
| ***Income tax recognised in profit of loss*** | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| **Current tax expense** |  |  |  |  |  |  |  |
| Current year | 40,350 |  | 39,564 |  | 34,541 |  | 33,475 |
| Adjustment for prior years | 52 |  | 6 |  | 52 |  | 6 |
|  | **40,402** |  | **39,570** |  | **37,593** |  | **33,481** |
|  |  |  |  |  |  |  |  |
| **Deferred tax expense** |  |  |  |  |  |  |  |
| Movements in temporary differences | (2,054) |  | (3,005) |  | (1,865) |  | (3,428) |
| **Total income tax expense** | **38,348** |  | **36,565** |  | **32,728** |  | **30,053** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | | | | | |
|  | 2020 | | | | |  | 2019 | | | | |
|  |  |  | Income |  |  |  |  |  | Income |  |  |
|  | Before |  | tax |  | After |  | Before |  | tax |  | After |
| ***Income tax*** | tax |  | expense |  | tax |  | tax |  | expense |  | tax |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  |  |  |  |  |  |  |  |  |
| Defined benefit plan actuarial losses | 7,286 |  | (1,457) |  | 5,829 |  | 10,917 |  | (2,183) |  | 8,734 |
| **Total** | **7,286** |  | **(1,457)** |  | **5,829** |  | **10,917** |  | **(2,183)** |  | **8,734** |

|  | Separate financial statements | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | |  | 2019 | | | | |
|  |  |  | Income |  |  |  |  |  | Income |  |  |
|  | Before |  | tax |  | After |  | Before |  | tax |  | After |
| ***Income tax*** | tax |  | expense |  | tax |  | tax |  | expense |  | tax |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Recognised in other comprehensive income*** |  |  |  |  |  |  |  |  |  |  |  |
| Defined benefit plan actuarial losses | 15,330 |  | (3,066) |  | 12,264 |  | 9,406 |  | (1,881) |  | 7,525 |
| **Total** | **15,330** |  | **(3,066)** |  | **12,264** |  | **9,406** |  | **(1,881)** |  | **7,525** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation of effective tax rate*** | Consolidated financial statements | | | | | | |
|  | 2020 | | |  | 2019 | | |
|  | *Rate* |  | *(in thousand* |  | *Rate* |  | *(in thousand* |
|  | *(%)* |  | *Baht)* |  | *(%)* |  | *Baht)* |
| Profit before income tax expense |  |  | 196,525 |  |  |  | 175,485 |
| Income tax using the Thai corporation tax rate | 20 |  | 39,305 |  | 20 |  | 35,097 |
| Expense additionally deductible for tax purpose |  |  | (1,020) |  |  |  | (1,249) |
| Reversal of over-recorded deferred tax assets |  |  | - |  |  |  | 1,206 |
| Expenses not deductible for tax purpose |  |  | 70 |  |  |  | 1,116 |
| Others |  |  | (7) |  |  |  | 395 |
| **Total** | **20** |  | **38,348** |  | **21** |  | **36,565** |
|  |  | | | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation of effective tax rate*** | Separate financial statements | | | | | | |
|  | 2020 | | |  | 2019 | | |
|  | *Rate* |  | *(in thousand* |  | *Rate* |  | *(in thousand* |
|  | *(%)* |  | *Baht)* |  | *(%)* |  | *Baht)* |
| Profit before income tax expense |  |  | 168,189 |  |  |  | 149,670 |
| Income tax using the Thai corporation tax rate | 20 |  | 33,638 |  | 20 |  | 29,934 |
| Expense additionally deductible for tax purpose |  |  | (1,009) |  |  |  | (1,229) |
| Reversal of over-recorded deferred tax assets |  |  | - |  |  |  | 594 |
| Expenses not deductible for tax purpose |  |  | 46 |  |  |  | 505 |
| Others |  |  | 53 |  |  |  | 249 |
| **Total** | **19** |  | **32,728** |  | **20** |  | **30,053** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 22,080 |  | 18,903 |  | (2,198) |  | (2,532) |
| Set off of tax | (2,198) |  | (2,532) |  | 2,198 |  | 2,532 |
| **Net deferred tax assets** | **19,882** |  | **16,371** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
|  | Separate financial statements | | | | | | |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 20,037 |  | 15,436 |  | (2,202) |  | (2,532) |
| Set off of tax | (2,202) |  | (2,532) |  | 2,202 |  | 2,532 |
| **Net deferred tax assets** | **17,835** |  | **12,904** |  | **-** |  | **-** |

| ***Deferred tax*** | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Charged) / credited to: | | | | | | |
| **At 1**  **January** |  | Profit or loss |  | Other comprehensive income |  | **At 31**  **December** |
|  | *(in thousand Baht)* | | | | | | |
| ***2020*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for decline in value | 808 |  | 57 |  | - |  | 865 |
| Allowance for impairment losses on equipment | 200 |  | - |  | - |  | 200 |
| Accrued director’s remuneration | - |  | 1,270 |  | - |  | 1,270 |
| Provision for employee benefits | 17,416 |  | 439 |  | 1,457 |  | 19,312 |
| Others | 476 |  | (46) |  | - |  | 433 |
| **Total** | **18,903** |  | **1,720** |  | **1,457** |  | **22,080** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (2,456) |  | 300 |  | - |  | (2,156) |
| Leases liabilities | (76) |  | 34 |  | - |  | (42) |
| **Total** | **(2,532)** |  | **334** |  | **-** |  | **(2,198)** |
|  |  |  |  |  |  |  |  |
| **Net** | **16,371** |  | **2,054** |  | **1,457** |  | **19,882** |
| ***2019*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for doubtful accounts | 525 |  | (525) |  | - |  | - |
| Allowance for decline in value | 615 |  | 193 |  | - |  | 808 |
| Allowance for impairment losses on equipment | - |  | 200 |  | - |  | 200 |
| Provision for employee benefits | 13,326 |  | 1,907 |  | 2,183 |  | 17,416 |
| Others | 557 |  | (78) |  | - |  | 479 |
| **Total** | **15,023** |  | **1,697** |  | **2,183** |  | **18,903** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (3,737) |  | 1,281 |  | - |  | (2,456) |
| Finance leases | (103) |  | 27 |  | - |  | (76) |
| **Total** | **(3,840)** |  | **1,308** |  | - |  | **(2,532)** |
|  |  |  |  |  |  |  |  |
| **Net** | **11,183** |  | **3,005** |  | **2,183** |  | **16,371** |

| ***Deferred tax*** | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Charged) / credited to: | | | | | | |
| **At 1**  **January** |  | Profit or loss |  | Other comprehensive income |  | **At 31**  **December** |
|  | *(in thousand Baht)* | | | | | | |
| ***2020*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for decline in value | 755 |  | (37) |  | - |  | 718 |
| Allowance for impairment losses on equipment | 200 |  | - |  | - |  | 200 |
| Accrued director’s remuneration | - |  | 1,270 |  | - |  | 1,270 |
| Provision for employee benefits | 14,481 |  | 302 |  | 3,066 |  | 17,849 |
| **Total** | **15,436** |  | **1,535** |  | **3,066** |  | **20,037** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (2,456) |  | 300 |  | - |  | (2,156) |
| Leases liabilities | (76) |  | 30 |  | - |  | (46) |
| **Total** | **(2,532)** |  | **330** |  | **-** |  | **(2,202)** |
|  |  |  |  |  |  |  |  |
| **Net** | **12,904** |  | **1,865** |  | **3,066** |  | **17,835** |
|  |  |  |  |  |  |  |  |

| ***Deferred tax*** | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Charged) / credited to: | | | | | | |
| **At 1**  **January** |  | Profit or loss |  | Other comprehensive income |  | **At 31**  **December** |
|  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Allowance for decline in value | 271 |  | 484 |  | - |  | 755 |
| Investment in subsidiary | 200 |  | (200) |  | - |  | - |
| Provision for employee benefits | - |  | 200 |  | - |  | 200 |
| Derivatives | 10,964 |  | 1,636 |  | 1,881 |  | 14,481 |
| **Total** | **11,435** |  | **2,120** |  | **1,881** |  | **15,436** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Depreciation gap  (plant and equipment) | (3,737) |  | 1,281 |  | - |  | (2,456) |
| Finance leases | (103) |  | 27 |  | - |  | (76) |
| **Total** | **(3,840)** |  | **1,308** |  | **-** |  | **(2,532)** |
|  |  |  |  |  |  |  |  |
| **Net** | **7,595** |  | **3,428** |  | **1,881** |  | **12,904** |

# Basic earnings per share

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht / thousand shares)* | | | | | | |
| ***Profit attributable to ordinary shareholders for the year ended 31 December*** |  | | | | | | |
| Profit attributable to ordinary shareholders of the Company (basic) | 158,177 |  | 138,920 |  | 135,462 |  | 119,617 |
| Number of ordinary shares outstanding | 107,625 |  | 107,625 |  | 107,625 |  | 107,625 |
|  |  |  |  |  |  |  |  |
| **Earnings per share (basic) *(in Baht)*** | **1.47** |  | **1.29** |  | **1.26** |  | **1.11** |

# Dividends

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2020* |  |  |  |  |  |
| Interim dividend | 7 April 2020 | May 2020 | 0.35 |  | 37.67 |
|  |  |  |  |  |  |
| *2019* |  |  |  |  |  |
| Annual dividend | 10 April 2019 | May 2019 | 0.30 |  | 32.29 |

# Financial instruments

1. ***Carrying amounts and fair values***

Carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value***.***

1. ***Financial risk management policies***

***Risk management framework***

The Group’s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board of directors is responsible for developing and monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

***(b.1) Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments in debt securities.

(b.1.1) Trade receivables

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

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from management.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

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

|  | Consolidated financial statements | | | | |
| --- | --- | --- | --- | --- | --- |
| ***At 31 December 2020*** | Trade receivables |  | Total carrying amounts |  | Allowance  for expected  credit loss |
|  | *(in thousand Baht)* | | | | |
| Within credit terms | 309,459 |  | 309,459 |  | - |
| Overdue: |  |  |  |  |  |
| 1 - 30 days | 23,158 |  | 23,158 |  | - |
| 31 - 60 days | 181 |  | 181 |  | - |
| 61 - 90 days | 230 |  | 230 |  | - |
| More than 90 days | 1,608 |  | 1,608 |  | (1,492) |
| **Total** | **334,636** |  | **334,636** |  | **(1,492)** |
| *Less* allowance for expected credit loss | (1,492) |  | (1,492) |  |  |
| **Net** | **333,144** |  | **333,144** |  |  |

|  | Separate financial statements | | | | |
| --- | --- | --- | --- | --- | --- |
| ***At 31 December 2020*** | Trade  receivables |  | Total carrying amounts |  | Allowance  for expected  credit loss |
|  | *(in thousand Baht)* | | | | |
| Within credit terms | 314,804 |  | 314,804 |  | - |
| Overdue: |  |  |  |  |  |
| 1 - 30 days | 2 |  | 2 |  | - |
| **Total** | **314,806** |  | **314,806** |  | **-** |
| *Less* allowance for expected credit loss | - |  | - |  |  |
| **Net** | **314,806** |  | **314,806** |  |  |

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

| ***Trade receivables*** | Consolidated  financial statements |  | Separate  financial statements | |
| --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| ***At 31 December 2019*** |  |  |  | |
| Within credit terms | 278,239 |  | 330,248 | |
| Overdue: |  |  |  | |
| Less than 3 months | 22,944 |  | 5,941 | |
| 6 - 12 months | 4 |  | - | |
| Over 12 months | 1,622 |  | - | |
| **Total** | **302,809** |  | **336,189** | |
| *Less* allowance for doubtful accounts | (1,492) |  | - | |
| **Net** | **301,317** |  | **336,189** | |

The normal credit term granted by the Group ranges from 7 days to 90 days.

(b.1.2) Cash and cash equivalent

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

(b.1.3) Guarantees

The Company’s policy is to provide financial guarantees only for subsidiaries’ liabilities. At 31 December 2020, the Company has issued a guarantee to certain banks in respect of credit facilities granted to subsidiary (see note 13).

***(b.2) Liquidity risk***

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

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

|  | **Consolidated financial statements** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Contractual cash flows | | | | | | | | |
| ***At 31 December 2020*** | Carrying amount |  | 1 year  or less |  | More than 1 year but less than 2 years |  | More than 2 years but less than 5 years |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| Trade payables | 247,195 |  | 247,195 |  | - |  | - |  | 247,195 |
| Lease liabilities | 7,235 |  | 3,666 |  | 2,754 |  | 1,903 |  | 8,323 |
|  | **254,430** |  | **250,861** |  | **2,754** |  | **1,903** |  | **255,518** |

|  | **Separate financial statements** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Contractual cash flows | | | | | | | | |
| ***At 31 December 2020*** | Carrying amount |  | 1 year  or less |  | More than 1 year but less than 2 years |  | More than 2 years but less than 5 years |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| Trade payables | 247,208 |  | 247,208 |  | - |  | - |  | 247,208 |
| Lease liabilities | 7,112 |  | 3,606 |  | 2,695 |  | 1,888 |  | 8,189 |
|  | **254,430** |  | **250,814** |  | **2,695** |  | **1,888** |  | **255,397** |

***(b.3) Market risk***

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

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

|  | Consolidated financial statements/  Separate financial statements | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | | | |  | 2019 | | | | | | |
| ***Assets and liabilities denominated in the foreign currencies***  ***as at 31 December*** | United States Dollars |  | Japanese Yen |  | Pound Sterling |  | Total |  | United States Dollars |  | Japanese Yen |  | Pound Sterling |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| Cash and cash equivalents | 58 |  | - |  | - |  | 58 |  | 68 |  | - |  | - |  | 68 |
| Trade receivable | 35,974 |  | - |  | - |  | 35,974 |  | 41,636 |  | - |  | - |  | 41,636 |
| Other current receivables | 5,515 |  | - |  | - |  | 5,515 |  | 2,606 |  | - |  | - |  | 2,606 |
| Trade payable | (35,586) |  | (6,066) |  | (921) |  | (42,573) |  | (45,078) |  | (3,265) |  | (276) |  | (48,619) |
| Other payables | (409) |  | (1,213) |  | - |  | (1,622) |  | (411) |  | (284) |  | - |  | (695) |
| **Gross exposure** | **5,552** |  | **(7,279)** |  | **(921)** |  | **(2,648)** |  | **(1,179)** |  | **(3,549)** |  | **(276)** |  | **(5,004)** |

# Capital management

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

# Commitments with non-related parties

|  | Consolidated | | |  | Separate | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  | *(in thousand Baht)* | | | | | | |
| ***Capital commitments*** |  |  |  |  |  |  |  |
| Building and constructions | 452 |  | 946 |  | 452 |  | 946 |
| Machinery and equipment | - |  | 4,283 |  | - |  | 4,283 |
| Office equipment | 438 |  | 274 |  | 438 |  | 274 |
| Computer software | - |  | 578 |  | - |  | 488 |
| **Total** | **890** |  | **6,081** |  | **890** |  | **5,991** |
|  |  |  |  |  |  |  |  |
| ***Other commitments*** |  |  |  |  |  |  |  |
| Short-term lease commitments | - |  | 376 |  | - |  | 376 |
| Bank guarantees | 6,299 |  | 6,311 |  | 6,299 |  | 6,311 |
| Other agreements | - |  | 30 |  | - |  | 30 |
| **Total** | **6,299** |  | **6,717** |  | **6,299** |  | **6,717** |

As at 31 December 2020, the Group had;

(a) letter of guarantees issued by financial institutions in favour of the Company for the use of electricity and for performance bonds guarantee which some letter of guarantees of Baht 6.3 million were secured by the Company’s land and constructions.

(b) purchase order accepted by suppliers of the Company for purchase of raw materials for a total quantity of 7,440 MT *(2019: 6,805 MT)*, at the prices as determined in purchase order that will be delivered during 2021 *(2019: during 2020)*.

# Events after the reporting period

At the Board of Directors’ meeting held on 16 February 2021, the directors resolved to propose the dividend payment at Baht 0.441 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.