

**Sappe Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Sappe Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories	
Refer to Notes 4 (g) and 9 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As there is high competition in both local and overseas markets for health and functional drinks, new products are continuously launched to attract customers and fulfil their changing needs. Consequently, the products of the Group and the Company have short lives, their sales and selling prices are subject to the market situation, and long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realisable value which involves management's judgment. This is an area of focus in my audit.	My audit procedures included: - Inquiry of the management to obtain an understanding of the Group's and the Company's policy in relation to setting provision for inventories and reviewing the Group's and the Company's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to inventory management and attending inventory counts and observing the condition of inventories; - Testing the accuracy of inventory aging by checking samples to relevant supporting documents; - Testing the valuation of inventories by comparing their costs against their expected net realisable values less relevant selling expenses, and checking samples of the related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.
Accrued promotional expenses	
Refer to Notes 4 (o) and 17 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
There is high competition in both local and overseas markets for health and functional drinks. The Group offers customers several types of promotional offers to compete with its competitors. The Group has accrued promotional expenses for these offers based on statistical information, and management's judgment on the behaviour of both local and overseas customers, and the type of offer. This is an area of focus in my audit.	My audit procedures included: - Inquiry of the management to obtain an understanding of the Group's policy in relation to accruing promotional expenses and reviewing the Group's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to the sales process and estimation of accrued promotional and marketing expenses; - Testing the calculation of accrued promotional expenses by checking to samples of related supporting documents; - Testing that accrued promotional expenses related to offers active as at year end and in the year by checking to samples of related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.

Impairment of goodwill arising from business combination of a subsidiary	
Refer to Notes 4 (a), 4 (k), 6, 11 and 15 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 31 December 2020, the Group has recorded Baht 90.90 million recorded which resulted from the acquisition of All Coco Group Co., Ltd. The Company's management considered that current economic is still uncertain which may affect to the indirect subsidiary of the Company that are manufacturing and distributing coconut products. The operating results of the indirect subsidiary may be significantly less than its plan. The Company's management determines recoverable amounts by utilizing the value in use model. As a result, the future cash flows may lower than the carrying amount of investments in indirect subsidiary and impairment of investment may be required. Due to the materiality of the transactions and the significant judgment of management involved in the impairment assessment of goodwill and investments considers whether the carrying amount of the assets exceeds the recoverable amount, the estimated future cash flows, growth rates and the discount rates. Consequently, I consider that this is a significant matter.	My audit procedures included : - Inquiring of management to obtain an understanding of the process used for assessing the reasonableness of the expected recoverable amounts and preparing cash flow projection from management approved budget; - Assessing the reasonableness of the future cash flows by comparing historical operating result, current operating result and future plan of indirect subsidiary; - Considering the reasonableness of assumptions of revenue growth rate compare with the economic growth rate and the indirect subsidiary's business plan; - Evaluated the financial parameters applied to the discount rate; - Assessing the suitability of the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; - Performing the sensitivity analysis of key assumption; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.



Other Information

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

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I conclude that there is a material misstatement therein, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2021

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
(in Baht)					
Current assets					
Cash and cash equivalents	8, 28	194,389,005	181,695,045	151,917,400	124,386,959
Trade accounts receivable	3, 7, 28	435,587,557	352,869,006	418,916,890	334,594,602
Other current receivables	7	64,461,846	40,948,620	63,018,425	42,867,835
Short-term loans to related parties	7, 28	-	-	5,610,000	7,650,000
Inventories	9	221,066,443	216,897,035	175,509,538	188,977,242
Other current financial assets	3, 28	1,415,102,085	1,132,132,459	1,415,102,085	1,132,132,459
Other current assets		30,710,236	19,334,890	18,118,201	18,666,106
Total current assets		2,361,317,172	1,943,877,055	2,248,192,539	1,849,275,203
Non-current assets					
Investment in associates	6, 10	14,189,086	29,744,235	-	-
Investment in subsidiaries	6, 11	-	-	290,161,757	290,161,757
Other non-current financial assets	28	-	100,000,000	-	100,000,000
Property, plant and equipment	13	1,006,220,547	1,133,839,607	881,240,267	973,006,063
Right-of-use assets	3, 7, 14	96,762,821	-	63,124,005	-
Goodwill	6, 15	90,898,858	90,898,858	-	-
Intangible assets other than goodwill	16	49,952,033	56,062,414	40,338,574	46,517,849
Deferred tax assets	3, 25	18,306,227	14,957,209	18,210,524	14,921,300
Other non-current assets	7	9,513,149	20,587,289	5,515,238	5,368,738
Total non-current assets		1,285,842,721	1,446,089,612	1,298,590,365	1,429,975,707
Total assets		3,647,159,893	3,389,966,667	3,546,782,904	3,279,250,910

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

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
(in Baht)					
Current liabilities					
Bank overdraft	28	1,461,577	-	-	-
Trade accounts payable	7, 28	217,939,063	182,074,937	228,783,459	179,783,574
Other current payables	7, 17	360,001,325	366,347,708	335,208,706	345,159,472
Current portion of long-term borrowing					
from financial institutions	28	30,967	103,321	-	-
Short-term borrowings from related parties	7, 28	9,352,252	10,975,396	-	-
Current portion of lease liabilities (2019:					
<i>Current portion of finance lease liabilities)</i>	14, 28	25,330,211	6,503,844	11,571,080	-
Current income tax payable		56,390,480	36,699,650	55,824,390	36,596,193
Total current liabilities		670,505,875	602,704,856	631,387,635	561,539,239
Non-current liabilities					
Long-term borrowing from financial institutions		-	29,089	-	-
Lease liabilities (2019: <i>Finance lease liabilities</i>)	14, 28	65,898,173	12,448,218	56,997,371	-
Deferred tax liabilities	25	2,907,109	2,570,796	-	-
Non-current provisions for employee benefits	18	27,612,912	20,302,955	27,020,956	19,955,202
Other non-current liabilities	7	7,128,331	8,141,254	-	-
Total non-current liabilities		103,546,525	43,492,312	84,018,327	19,955,202
Total liabilities		774,052,400	646,197,168	715,405,962	581,494,441

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

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Equity					
Share capital	19, 20				
Authorised share capital		308,438,080	308,438,080	308,438,080	308,438,080
Issued and paid-up share capital		304,378,080	304,378,080	304,378,080	304,378,080
Share premium on ordinary shares	19	975,607,543	975,607,543	975,607,543	975,607,543
Warrants	20	27,801,990	20,931,117	27,801,990	20,931,117
Retained earnings					
Legal reserve	21	30,843,808	30,843,808	30,843,808	30,843,808
Unappropriated		1,433,294,150	1,312,461,984	1,492,745,521	1,365,995,921
Difference arising from common					
control transactions	21	(4,365,342)	(4,365,342)	-	-
Currency translation differences	21	4,028,594	7,337,251	-	-
Equity attributable to owners of the parent		2,771,588,823	2,647,194,441	2,831,376,942	2,697,756,469
Non-controlling interests	12	101,518,670	96,575,058	-	-
Total equity		2,873,107,493	2,743,769,499	2,831,376,942	2,697,756,469
Total liabilities and equity		3,647,159,893	3,389,966,667	3,546,782,904	3,279,250,910

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

Sappe Public Company Limited and its Subsidiaries

Statement of income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended		Year ended	
		31 December		31 December	
	Note	2020	2019	2020	2019
		(in Baht)			
Revenue					
Revenue from sale of goods	7, 22	3,268,083,931	3,299,477,568	2,991,877,609	3,051,476,235
Other income	7	52,848,886	69,919,411	50,198,136	65,584,971
Gain from change in interest in associates	6	-	10,081,532	-	-
Net foreign exchange gain		-	7,377,995	-	12,271,697
Total revenue		3,320,932,817	3,386,856,506	3,042,075,745	3,129,332,903
Expenses					
Cost of sales of goods	24	2,067,231,583	2,083,847,334	1,854,783,359	1,888,396,711
Distribution costs	24	451,485,324	490,110,418	423,243,272	456,897,873
Administrative expenses	24	298,358,591	290,698,512	273,152,073	265,396,680
Net foreign exchange loss		5,906,280	-	9,339,106	-
Total expenses		2,822,981,778	2,864,656,264	2,560,517,810	2,610,691,264
Profit from operating activities		497,951,039	522,200,242	481,557,935	518,641,639
Finance costs	7	(3,152,940)	(1,116,117)	(2,098,891)	(232)
Reversal of impairment loss determined in accordance with TFRS 9	28	2,673,744	-	1,649,406	-
Share of loss from associates accounted for using equity method	6, 10	(15,555,149)	(18,346,282)	-	-
Profit before income tax expense		481,916,694	502,737,843	481,108,450	518,641,407
Tax expense	25	95,966,291	100,011,274	94,472,891	99,746,827
Profit for the year		385,950,403	402,726,569	386,635,559	418,894,580
Profit (loss) attributable to:					
Owners of the parent		380,160,972	403,062,676	386,635,559	418,894,580
Non-controlling interests	12	5,789,431	(336,107)	-	-
		385,950,403	402,726,569	386,635,559	418,894,580
Earnings per share					
Basic earnings per share	26	1.25	1.32	1.27	1.38
Diluted earnings per share		1.25	1.32	1.27	1.38

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

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in Baht)			
Profit for the year		385,950,403	402,726,569	386,635,559	418,894,580
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(3,732,073)	4,354,730	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans	18, 25	-	525,218	-	525,218
Other comprehensive income (expense) for the year, net of tax		(3,732,073)	4,879,948	-	525,218
Total comprehensive income for the year		382,218,330	407,606,517	386,635,559	419,419,798
Total comprehensive income attributable to:					
Owners of the parent		376,852,316	407,501,235	386,635,559	419,419,798
Non-controlling interests	12	5,366,014	105,282	-	-
		382,218,330	407,606,517	386,635,559	419,419,798

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

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements						
	Retained earnings		Other components of equity				
			Difference arising from common control transactions (in Baht)	Translation reserve	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests
	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated		Total equity
Note							
Year ended 31 December 2019							
Balance at 1 January 2019	304,368,080	975,342,956	9,069,233	30,843,808	1,109,704,196	(941,432)	2,423,540,414
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the parent							
Shares options exercised	19, 20	10,000	264,587	(68,987)	-	-	205,600
Share-based payment transactions	20	-	-	11,930,871	-	-	11,930,871
Dividends	27	-	-	-	(200,830,106)	-	(200,830,106)
Total contributions by and distributions to owners of the parent	10,000	264,587	11,861,884	-	(200,830,106)	-	(188,693,635)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests with a change in control	6	-	-	-	-	-	101,316,203
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	101,316,203
Total transactions with owners, recorded directly in equity	10,000	264,587	11,861,884	-	(200,830,106)	-	(87,377,432)
Comprehensive income for the year							
Profit or loss	-	-	-	-	403,062,676	-	403,062,676
Other comprehensive income	-	-	-	-	525,218	3,913,341	4,438,559
Total comprehensive income for the year	-	-	-	-	403,587,894	3,913,341	407,501,235
Balance at 31 December 2019	304,378,080	975,607,543	20,931,117	30,843,808	1,312,461,984	2,971,909	2,743,769,499

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

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity

Consolidated financial statements												
		Retained earnings			Other components of equity							
					Difference arising from common control transactions	Translation reserve	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity		
					(in Baht)							
Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated							
Year ended 31 December 2020												
	Balance at 31 December 2019 - as reported	304,378,080	975,607,543	20,931,117	30,843,808	1,312,461,984	(4,365,342)	7,337,251	2,971,909	2,647,194,441	96,575,058	2,743,769,499
3	Impact of changes in accounting policies	-	-	-	-	(6,761,400)	-	-	-	(6,761,400)	(422,403)	(7,183,803)
	Balance at 1 January 2020	304,378,080	975,607,543	20,931,117	30,843,808	1,305,700,584	(4,365,342)	7,337,251	2,971,909	2,640,433,041	96,152,655	2,736,585,696
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
20	Share-based payment transactions	-	-	6,870,873	-	-	-	-	-	6,870,873	-	6,870,873
27	Dividends	-	-	-	-	(252,567,406)	-	-	-	(252,567,406)	-	(252,567,406)
	Total contributions by and distributions to owners of the parent	-	-	6,870,873	-	(252,567,406)	-	-	-	(245,696,533)	-	(245,696,533)
Total transactions with owners, recorded directly in equity												
		-	-	6,870,873	-	(252,567,406)	-	-	-	(245,696,533)	-	(245,696,533)
Comprehensive income for the year												
	Profit	-	-	-	-	380,160,972	-	-	-	380,160,972	5,789,431	385,950,403
	Other comprehensive income	-	-	-	-	-	-	(3,308,657)	(3,308,657)	(3,308,657)	(423,416)	(3,732,073)
	Total comprehensive income for the year	-	-	-	-	380,160,972	-	(3,308,657)	(3,308,657)	376,852,315	5,366,015	382,218,330
	Balance at 31 December 2020	304,378,080	975,607,543	27,801,990	30,843,808	1,433,294,150	(4,365,342)	4,028,594	(336,748)	2,771,588,823	101,518,670	2,873,107,493

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

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity

		Separate financial statements				
		Retained earnings				Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	
	<i>Note</i>				(in Baht)	
Year ended 31 December 2019						
Balance at 1 January 2019		304,368,080	975,342,956	9,069,233	30,843,808	2,467,030,306
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Shares options exercised	19, 20	10,000	264,587	(68,987)	-	205,600
Share-based payment transactions	20	-	-	11,930,871	-	11,930,871
Dividends	27	-	-	-	(200,830,106)	(200,830,106)
Total contributions by and distributions to owners		10,000	264,587	11,861,884	-	(188,693,635)
Comprehensive income for the year						
Profit		-	-	-	418,894,580	418,894,580
Other comprehensive income		-	-	-	525,218	525,218
Total comprehensive income for the year		-	-	-	419,419,798	419,419,798
Balance at 31 December 2019		304,378,080	975,607,543	20,931,117	30,843,808	2,697,756,469

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

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity

		Separate financial statements				
		Retained earnings				Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	
		Note				
					(in Baht)	
Year ended 31 December 2020						
Balance at 31 December 2019 - as reported						
Impact of changes in accounting policies	3	-	-	-	(7,318,553)	2,697,756,469
Balance at 1 January 2020		304,378,080	975,607,543	20,931,117	30,843,808	2,697,756,469
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Share-based payment transactions	20	-	-	6,870,873	-	6,870,873
Dividends	27	-	-	-	(252,567,406)	(252,567,406)
<i>Total contributions by and distributions to owners</i>						
Comprehensive income for the year		-	-	6,870,873	(252,567,406)	(245,696,533)
Profit		-	-	-	386,635,559	386,635,559
Total comprehensive income for the year						
Balance at 31 December 2020		304,378,080	975,607,543	27,801,990	30,843,808	2,831,376,942

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
(in Baht)					
Cash flows from operating activities					
Profit for the year		385,950,403	402,726,569	386,635,559	418,894,580
Adjustments to reconcile profit to cash receipts (payments)					
Tax expense	25	95,966,291	100,011,274	94,472,891	99,746,827
Finance costs		3,152,940	1,116,117	2,098,891	232
Depreciation	13,14,24	195,514,251	183,732,483	173,860,938	161,923,153
Amortisation	16, 24	6,650,595	7,544,275	6,503,989	7,412,026
Reversal of impairment loss recognised in profit or loss	28	(2,673,744)	-	(1,649,406)	-
Bad and doubtful debts expenses (reversal)	28	-	1,169,795	-	(297,220)
Loss on inventories devaluation	9	10,787,153	1,886,954	10,846,749	2,644,307
Unrealised (gain) loss on exchange rates		(4,372,922)	(424,619)	(5,328,883)	767,115
Unrealised gain from current investment revaluation	28	(7,096,700)	(11,242,203)	(7,096,700)	(11,242,203)
Gain on sale of current investments	28	2,429,593	(5,085,172)	2,429,593	(5,085,172)
Gain from changes in interest in associate	6	-	(10,081,532)	-	-
(Gain) loss on disposal of plant and equipment		434,061	(47,435)	(1,041,109)	(944,389)
Loss on disposal of intangible assets		71,312	-	71,312	-
Share of loss of interest in associates accounted for using equity method, net of tax	10	15,555,149	18,346,282	-	-
Non-current provisions for employee benefits		7,749,957	8,902,130	7,505,754	8,742,045
Share-based payment	20	6,870,873	11,930,871	6,870,873	11,930,871
Interest income		(4,728,146)	(2,237,386)	(5,226,098)	(2,590,929)
Dividend income		(457,201)	(1,371,604)	(457,201)	(1,371,604)
		711,803,865	706,876,799	670,497,152	690,529,639
Changes in operating assets and liabilities					
Trade accounts receivable		(82,575,976)	(71,982,710)	(84,069,090)	(90,380,918)
Other current receivables		(22,682,958)	2,434,285	(20,620,786)	(5,401,743)
Inventories		(14,956,561)	10,051,549	2,620,955	18,014,908
Other current assets		(11,375,346)	(10,411,218)	547,905	(11,018,923)
Other non-current assets		11,074,140	63,511	(146,500)	(73,060)
Trade accounts payable		35,843,009	(959,937)	48,978,767	4,519,668
Other current payables		(4,948,855)	65,711,976	(8,472,689)	77,930,645
Other non-current liabilities		(1,356,000)	-	-	-
Foreign currency translation differences of subsidiaries		(3,232,232)	(1,270,932)	-	-
Net cash generated from operating		617,593,086	700,513,323	609,335,714	684,120,216
Provisions for employee benefits paid		(440,000)	(565,000)	(440,000)	(565,000)
Taxes paid		(77,243,017)	(94,292,474)	(76,704,280)	(93,314,671)
Net cash from operating activities		539,910,069	605,655,849	532,191,434	590,240,545

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Payment on investments in subsidiaries	11	-	-	-	(93,000,000)
Acquisition of subsidiary, net of cash acquired	6	-	6,570,780	-	-
Acquisition of associate	10	-	(50,000,000)	-	-
Acquisition of current investments	28	(2,542,101,573)	(1,600,000,000)	(2,542,101,573)	(1,600,000,000)
Proceeds from sale of current investments	28	2,263,799,054	1,400,000,000	2,263,799,054	1,400,000,000
Acquisition of other long-term investments	28	-	(50,000,000)	-	(50,000,000)
Proceeds from sale of other long-term investments	28	100,000,000	-	100,000,000	-
Acquisition of plant and equipment		(77,402,660)	(92,859,757)	(69,255,585)	(84,881,515)
Proceeds from sale of plant and equipment		1,249,388	980,255	1,050,000	944,393
Acquisition of intangible assets		(2,280,722)	(5,879,377)	(400,222)	(1,618,984)
Proceeds from repayment of loans to related party	7	-	-	2,040,000	350,000
Dividends received		457,201	1,371,604	457,201	1,371,604
Interest received		4,728,147	2,237,386	5,524,054	2,047,487
Net cash used in investing activities		(251,551,165)	(387,579,109)	(238,887,071)	(424,787,015)
<i>Cash flows from financing activities</i>					
Proceeds from bank overdrafts		2,429,615	-	-	-
Repayment of bank overdrafts		(968,038)	(948,461)	-	-
Proceeds from exercise of share options		-	205,600	-	205,600
Repayment of short-term borrowings		(1,960,000)	-	-	-
Repayment of long-term borrowings		(101,444)	(88,091)	-	-
Payment of lease liabilities (2019: Payment by a lessee for reduction of the outstanding liability relating to a finance lease)		(18,854,362)	(5,628,541)	(11,106,162)	-
Dividend paid to owners of the Company	27	(252,567,406)	(200,830,106)	(252,567,406)	(200,830,106)
Interest paid		(3,641,846)	(1,728,993)	(2,098,891)	(232)
Net cash used in financing activities		(275,663,481)	(209,018,592)	(265,772,459)	(200,624,738)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		12,695,423	9,058,148	27,531,904	(35,171,208)
Effect of exchange rate changes on cash and cash equivalents		(1,463)	(296)	(1,463)	(296)
Net increase (decrease) in cash and cash equivalents		12,693,960	9,057,852	27,530,441	(35,171,504)
Cash and cash equivalents at 1 January		181,695,045	172,637,193	124,386,959	159,558,463
Cash and cash equivalents at 31 December	8	194,389,005	181,695,045	151,917,400	124,386,959
<i>Non-cash transactions</i>					
Outstanding payables for purchases of plant and equipment		7,997,980	5,718,375	5,091,946	4,289,769
Outstanding payables for purchases of intangible assets		91,042	95,238	91,042	95,238
Vehicle acquired by way of finance leases		-	381,416	-	-

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

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Notes to the financial statements

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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 25 February 2021.

1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand. The Company’s registered head office and branches as follows:

Head Office: 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok.

Branch 1: 71 Ramkhamhaeng Road, Huamark, Bangkapi District, Bangkok

Branch 2: 8 Moo 7, Puech-udom, Lamlukka District, Pathumthani

The principal activities of the Company are manufacturing and distributing health drinking and food product. The principal activities of the Group are manufacturing and distributing health drinking, food and coconut products.

Details of subsidiaries and associates as at 31 December 2020 and 2019 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			2020	2019
Direct subsidiaries				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
Indirect subsidiaries				
Sappe Trading (HongKong) Company Limited	Import, export and distribution of goods	Hong Kong	100	100
Sappe Hong Kong Company Limited	Group management service	Hong Kong	100	100
Sappe Trading (Shanghai) Co., Ltd.	Distributing health drinking product	People's Republic of China	100	100
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	51	51
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	51
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	51
Indirect associates				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	25

Sappe Public Company Limited and its Subsidiaries
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2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions; the 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 and disclosed impact from changes to significant accounting policies in note 3

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(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 TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) 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:

4 (j) and 14	Leases: - whether an arrangement contains a lease; - whether the Group is reasonably certain to exercise extension options; - whether the Group exercise termination options;
4 (q) and 22	Revenue recognition is recognised over time or at a point in time;
10	Equity-accounted investees: whether the Group has significant influence over an investee.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

(ii) Assumptions and estimation uncertainties

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

4 (j)	Determining the incremental borrowing rate to measure lease liabilities;
15	Impairment test of goodwill: key assumptions underlying recoverable amounts;
18	Measurement of defined benefit obligations: key actuarial assumptions;
20	Measurement of share-based payments;
25	Recognition of deferred tax asset: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.
28	Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate; and
28	Determining the fair value of financial instruments on the basis of significant unobservable inputs.

In addition, on 1 January 2020, a subsidiary has changed their estimated useful life of machinery according to new estimated useful life. This change in estimate has been applied prospectively to the financial statements from the date of the change in estimate. The Group have completed assessment of the impact on the consolidated financial statements and expect that there is no material impact.

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16.

<i>Impact on changes in accounting policy</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		Retained earnings	Other components of equity (in thousand Baht)	Retained earnings	Other components of equity
At 31 December 2019 - as reported		1,312,462	2,972	1,365,996	-
<i>Increase (decrease) due to:</i>					
Adoption of TFRS - Financial instruments standards					
Classification of financial instruments	(a.1)	(1,264)	-	(1,264)	-
Impairment losses on financial assets	(a.2)	(2,502)	-	(3,380)	-
Related tax		977	-	928	-
Adoption of TFRS 16 - net of tax	(b)	(3,972)	-	(3,603)	-
At 1 January 2020 - restated		1,305,701	2,972	1,358,677	-

(a) TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

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

(a.1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group recognised interest income and interest expenses at the rate specified in the contract.

The following table shows classification and measurement categories under TAS 105 and TFRS 9.

Consolidated financial statements				
Classification under TAS 105 at 31 December 2019		Classification under TFRS 9 at 1 January 2020		
	Carrying amounts	FVTPL (in thousand Baht)	Amortised cost - net	Total
Financial assets				
Current investments				
Short-term deposits at financial institutions	181,643	-	181,643	181,643
Debt securities held for trading	1,132,132	1,132,132	-	1,132,132
Total	1,313,775	1,132,132	181,643	1,313,775
Other long-term investments				
Long-term deposits at financial institutions	100,000	-	100,000	100,000
Derivative assets	2,514	1,250	-	1,250

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Separate financial statements				
Classification under TAS 105 at 31 December 2019		Classification under TFRS 9 at 1 January 2020		
	Carrying amounts	FVTPL <i>(in thousand Baht)</i>	Amortised cost - net	Total
<i>Financial assets</i>				
<i>Current investments</i>				
Short-term deposits at financial institutions	124,387	-	124,387	124,387
Debt securities held for trading	1,132,132	1,132,132	-	1,132,132
Total	1,256,519	1,132,132	124,387	1,256,519
<i>Other long-term investments</i>				
Long-term deposits at financial institutions	100,000	-	100,000	100,000
Derivative assets	2,514	1,250	-	1,250

(a.2) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments.

The Group has determined that the application of TFRS 9’s impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	Consolidated financial statements (in thousand Baht)	Separate financial statements
Allowance for impairment losses at 31 December 2019		
Allowance for doubtful debts - trade accounts receivable	1,356	227
Allowance for doubtful debts - other receivables	1,535	13,682
Allowance for doubtful debts - short-term loan to related parties	-	7,892
	2,891	21,801
Additional impairment loss recognised at 1 January 2020 on:		
- Trade accounts receivable	204	30
- Other receivables	2,353	3,350
Allowance for impairment losses at 1 January 2020	5,448	25,181

The Group has opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

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Notes to the financial statements
For the year ended 31 December 2020

(a.3) Derivatives

Under TFRS 9, all derivatives are measured at fair value in the statement of financial position.

(b) TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group and the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

<i>Impact from the adoption of TFRS 16</i>	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<i>At 1 January 2020</i>		
Decrease in property, plant and equipment	(24,422)	-
Increase in right-of-use assets	110,145	75,170
Increase in deferred tax assets	1,082	901
Increase in lease liabilities	(91,131)	(79,674)
Decrease in retained earnings	3,972	3,603
	Consolidated financial statements	Separate financial statements
<i>Measurement of lease liability</i>	<i>(in thousand Baht)</i>	
Operating lease commitment as disclosed at 31 December 2019	17,798	10,786
Operating lease commitment - related parties at 31 December 2019	61,014	48,352
Recognition exemption for short-term leases	(10,635)	(5,755)
Extension and termination options reasonably certain to be exercised	41,055	38,626
	109,232	92,009
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020	91,131	79,674
Finance lease liabilities recognised as at 31 December 2019	18,952	-
Lease liabilities recognised at 1 January 2020	110,083	79,674
Weighted-average incremental borrowing rate (% per annum)	0.14 - 0.37	0.14 - 0.29

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Notes to the financial statements
For the year ended 31 December 2020

Right-of-use assets and lease liabilities shown above were presented as part of health drinking products and coconut products segments, respectively.

4 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Business combinations

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

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

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

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

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

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

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

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

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Interests in equity-accounted investees

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

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

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

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Transactions eliminated on consolidation

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

(b) *Investments in associates and subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are measured at cost less allowance for impairment losses. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Disposal of investments in the separate financial statements

On disposal of an investment, the difference between net disposal proceeds and the carrying amount 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.

(c) *Foreign currencies*

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates 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 are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

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

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

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

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

(d) Financial instruments

Accounting policies applicable from 1 January 2020

(d.1) Recognition and initial measurement

Trade receivables, debt securities issued 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; 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.

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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.

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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.

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.

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(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, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on nature of the item being hedged.

Accounting policies applicable before 1 January 2020

Investments in debt securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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

(e) Cash and cash equivalents

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

(f) Trade and other accounts receivable

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

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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.

(g) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost, at weighted average cost.
Work in progress	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs and
Raw materials, spare parts, factory supplies and others	- at weighted average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and 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 weighted average cost.

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.

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

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

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

Any gains and losses on disposal of 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 property, plant and equipment are recognised in profit or loss as incurred.

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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:

Land improvement	5-10	years
Buildings and building improvement	5-20	years
Machinery and equipment	3-15	years
Furniture, fixtures and office equipment	3-20	years
Vehicles	5-8	years

No depreciation is provided on freehold land, land reclamation recorded as part of land improvement and assets under construction.

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

(i) Intangible assets

Goodwill

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Software licences	3-10 years
Trademarks and copyrights	Agreement life

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

(j) Leases

Accounting policies applicable from 1 January 2020

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

As a lessee

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

The Group 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, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee. 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 recognised 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.

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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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

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

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

(k) 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 and loans to related parties).

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.

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

Loss allowances for all other financial instruments, the Group 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 considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'.

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' 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.

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.

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.

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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 or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Reversals 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.

(I) 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

Calculation of recoverable amount

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

Reversal of impairment

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

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(m) 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 plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period 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 benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Other long-term employee benefits

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

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

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

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(n) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) Provision

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 finance cost.

(p) Fair value measurement

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

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

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

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

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.

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

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

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

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

(q) 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.

(r) Other income

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(s) 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.

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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 period of time to be prepared for its intended use or sale.

(i) Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

In determining the amount of current tax 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.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and warrants granted to employees.

(v) 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.

(w) 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. Unallocated items comprise mainly assets and liabilities segment.

5 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 pandemic, 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. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible.

6 Acquisition of subsidiary

In 2016, the Group invested in 40% of the issued and paid-up capital of All Coco Group Co., Ltd. which producing and distributing coconut products. All Coco Group Co., Ltd. thereby became an associate of the Group. Later, on 1 February 2019, the Group had control over All Coco Group Co., Ltd., by acquiring 11% of the shares and voting interest, which the consideration consisted of a cash payment of Baht 42.35 million, affecting to the percentage of holding interest of the Group increased from 40% to 51% and managements of Sappe Public Company Limited had been appointed as All Coco Group's board of directors.

Taking control of All Coco Group Co., Ltd. will enable the Group presence in the coconut drink business since All Coco Group Co., Ltd. has a strong foothold in the aromatic coconut market, especially a strong network of fresh coconut suppliers, which could guarantee a supply of high-quality fresh coconuts. The acquisition is expected to provide the Group with an increase in growth opportunities in the soft-drink business in Thailand and worldwide.

Sappe Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Identifiable assets acquired and liabilities assumed

	Note	Fair value (in thousand Baht)
Cash and cash equivalents		48,921
Trade accounts receivable		32,746
Other current receivables		6,321
Inventories		15,059
Other current assets		257
Property, plant and equipment	13	171,659
Intangible assets	16	5,416
Other non-current assets		15,355
Trade accounts payable		(6,690)
Other current payables		(29,652)
Short-term loans		(21,000)
Tax payable		(1,212)
Long-term loans from financial institutions		(220)
Lease liabilities		(23,865)
Deferred tax liabilities	25	(2,140)
Non-current provisions for employee benefit	18	(188)
Other non-current liabilities		(4,000)
Total identifiable net assets		206,767
<i>Less: Non-controlling interests (49%)</i>		<i>101,316</i>
Total identifiable net assets received		105,451
<i>Less: Fair value of previously-held interests before business combination</i>		<i>154,000</i>
<i>Less: Purchase consideration transferred</i>		<i>42,350</i>
Goodwill arising from the acquisition		90,899
Net cash acquired with the subsidiary		48,921
Cash paid		42,350
Net cash inflows		6,571

Goodwill

The remeasurement to fair value of the Group's existing 40 percent interest in the acquiree resulted in a gain of Baht 10.08 million in comprehensive income in 2019 (Baht 154.00 million less Baht 143.92 million carrying value of equity-accounted investee at acquisition date), which has been recognised in gain from changes in interest in associate in the statement of comprehensive income.

Goodwill is attributable mainly to the skills and technical talent of All Coco Group Co., Ltd.'s work force and cooperation for business of coconut products, which is health drinks as Group's products. None of the goodwill recognised is expected to be deductible for income tax purposes.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

7 Related parties

Relationships with subsidiaries and associates are described in notes 1, 10 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Toyox Trading (Thailand) Co., Ltd.	Thailand	Common major shareholder
Hayashi Products Co., Ltd.	Thailand	Common major shareholder
3T Engineering Co., Ltd.	Thailand	Common major shareholder
On Fifth Co., Ltd.	Thailand	Common major shareholder
Hose Center Company Limited.	Thailand	Common major shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Bangkok Bestbuy Group Co., Ltd.	Thailand	One of family member of the company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	Personnel who have authority and responsibility for planning, ordering and controlling for all direct and indirect activities including directors of the Group. (regardless of management role)

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

Transactions	Pricing policies
Sale of goods	Market price or contractually agreed rate
Purchase of goods	At agreed rate
Other income	At agreed rate
Purchase of machinery and equipment	Market price or contractually agreed rate
Rental and other expenses	At agreed rate
Distribution costs and administrative expenses	At agreed rate
Key management personnel compensation	Approved by directors
Consulting fee	Contractually agreed rate
Interest income	Contractually agreed rate
Interest expense	Contractually agreed rate
Rental expense	Contractually agreed rate

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
Subsidiaries				
Sales of goods	-	-	331	5,962
Purchase of goods	-	-	58,931	17,152
Purchase of machinery and equipment	-	-	-	532
Other income	-	-	-	180
Interest income	-	-	549	575
Distribution costs and administrative expenses	-	-	468	468

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Associates				
Sales of goods	14,393	8,681	14,393	8,681
Purchase of goods	230,357	186,582	230,357	186,582
Other income	11,970	13,980	11,970	13,980
Other related parties				
Sales of goods	3,992	5,648	3	4
Purchases of machinery and equipment	73	779	73	779
Other income	932	365	932	365
Rental and other expenses	169	7,996	169	7,666
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	48	141	17	112
Interest expense	258	357	-	-
Key management personnel				
Short-term employee benefit and others	54,745	56,988	54,745	56,988
Long-term employee benefit	2,218	2,180	2,218	2,180
Share-based payments	1,760	3,056	1,760	3,056

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate of Baht 161.28 million for the year ended 31 December 2020 (2019: Baht 147.41 million).

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

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	-	1,392
All Coco Group Co., Ltd.	-	-	37	-
Associate				
Danone Sappe Beverages Co., Ltd.	40,046	14,385	40,046	14,385
Other related parties				
On Fifth Co., Ltd.	-	1	-	1
Italmarket Slovakia, a.s.	362	499	-	-
Net	40,408	14,885	40,083	15,778
Expected credit losses (2019: <i>Bad and doubtful debts expense</i>) for the year	-	-	-	-

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	2,832	2,274
Sappe Trading (Shanghai) Co., Ltd.	-	-	10,005	9,874
Sappe Holding (Thailand) Co., Ltd.	-	-	833	833
Sappe Trading (Hong kong) Company Limited	-	-	306	204
All Coco Group Co., Ltd.	-	-	947	1,938
All Coco Co., Ltd.	-	-	46	290
Associate				
Danone Sappe Beverages Co., Ltd.	7,438	10,323	7,438	10,323
Other related parties				
Hayashi Products Co., Ltd.	30	34	30	34
	<u>7,468</u>	<u>10,357</u>	<u>22,437</u>	<u>25,770</u>
<i>Less allowance for impairment (2019: allowance for doubtful accounts)</i>	-	-	(13,369)	(12,148)
Net	<u>7,468</u>	<u>10,357</u>	<u>9,068</u>	<u>13,622</u>
 Expected credit losses (Reversal) <i>(2019: Bad and doubtful debts expense)</i> for the year	 -	 -	 <u>(1,079)</u>	 <u>276</u>

<i>Loans to</i>	Interest rate	Consolidated financial statements			
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
2019					
Associates					
All Coco Group Co., Ltd.	-	4,800	-	4,800	-
All Coco Co., Ltd.	-	3,200	-	3,200	-
Total		<u>8,000</u>			<u>-</u>

<i>Loans to</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
				Foreign currency difference	
2020					
Subsidiaries					
Sappe Europe s.r.o.	4	7,892	-	-	737
All Coco Group Co., Ltd.	3.2	4,590	-	1,530	-
All Coco Co., Ltd.	3.2	3,060	-	510	-
Total		<u>15,542</u>			<u>14,239</u>
<i>Less allowance for expected credit loss (2019: allowance for doubtful accounts)</i>		<u>(7,892)</u>			<u>(8,629)</u>
Net		<u>7,650</u>			<u>5,610</u>

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<i>Loans to</i>	Interest rate	Separate financial statements				At 31 December
	At 31 December (% per annum)	At 1 January	Increase	Decrease (in thousand Baht)	Foreign currency difference	
2019						
Subsidiaries						
Sappe Europe s.r.o.	4	8,692	-	-	(800)	7,892
All Coco Group Co., Ltd.	3.2	-	4,800	210	-	4,590
All Coco Co., Ltd.	3.2	-	3,200	140	-	3,060
Associates						
All Coco Group Co., Ltd.	-	4,800	-	4,800	-	-
All Coco Co., Ltd.	-	3,200	-	3,200	-	-
Total		16,692				15,542
<i>Less allowance for expected credit loss (2019: allowance for doubtful accounts)</i>		<u>(8,692)</u>				<u>(7,892)</u>
Net		8,000				7,650

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Expected credit losses (2019: Bad and doubtful debts expense) of loan to for the year	-	-	737	(800)

	Consolidated		Separate	
	financial statements		financial statements	
<i>Other non-current assets</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other related parties				
Directors	1,167	1,167	1,167	1,167
Group of Persons Ruckariyapong	1,063	1,063	1,063	1,063
Total	2,230	2,230	2,230	2,230

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts payable</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	14,206	2,509
Associate				
Danone Sappe Beverages Co., Ltd.	<u>68,116</u>	<u>42,806</u>	<u>68,116</u>	<u>42,806</u>
Total	68,116	42,806	82,322	45,315

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Other payable</i>				
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	77	314
Other related parties				
Italmarket Slovakia, a.s.	627	520	-	-
Toyox Trading (Thailand) Co., Ltd.	11	3	11	3
3T Engineering Co., Ltd	-	281	-	281
Director	48	349	-	-
Key management personnel	48	349	-	-
Total	734	1,502	88	598

	Interest rate	Consolidated financial statements				
	At	At	Increase	Decrease	Foreign currency difference	At
<i>Loans from</i>	31 December (% per annum)	1 January				31 December
2020						
Other related parties						
Italmarket						
Slovakia, a.s.	2	2,699	-	-	251	2,950
Director	0 - 3.2	4,518	-	980	79	3,617
Key management personnel	3.2	3,675	-	980	-	2,695
Other related parties	-	83	-	-	7	90
Total		10,975				9,352
2019						
Other related parties						
Italmarket						
Slovakia, a.s.	2	2,970	-	-	(271)	2,699
Director	0 - 3.2	928	6,500	2,825	(85)	4,518
Key management personnel	3.2	-	6,500	2,825	-	3,675
Other related parties	-	86	-	-	(3)	83
Total		3,984				10,975

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Other non-current liability</i>				
	<i>(in thousand Baht)</i>			
Other related party				
Director	4,022	3,679	-	-

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The memorandum of association of a subsidiary states that the subsidiary has to pay dividends from net profit of Euro 109,076.03 to a shareholder. The first gainer is a shareholder and then the rest of the profit will be allocated according to the proportion of the investment held. As of 31 December 2020, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.02 million (2019: Baht 3.68 million) under “Other non-current liabilities” in the consolidated financial statements.

Significant agreements with related parties

(a) Land lease agreement

The Company has a land lease agreement with related parties under which the parties agree that the Company has the right to lease the land for 20 years ended year 2033 and the Company is committed to pay an initial deposit and the monthly land lease. Each year the parties will add 3.33% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination. On 19 May 2014, the Company entered into an amendment memorandum to revise the above rate of land lease from 3.33% per year to 2% per year. However, after three years of this agreement, the Company has the option to purchase this land from the lessor at the average of the appraised values as determined by independent appraisers.

The Group has a land lease agreement with a related party under which the party agree that the Group has the right to lease the land for 30 years ended year 2046 and the Group is committed to pay the monthly land lease. Every 5 years the party will add 10% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination.

(b) Land and building lease agreement

The Company has a land and building lease agreement with a related party under which the parties agree that the Company has the right to lease the land and building for 3 years ended year 2022. In consideration thereof, the Company is committed to pay an initial deposit and the monthly land and building lease. Each year the parties will add 3% of the latest monthly land and building lease. The term of this agreement is continued until either party gives written notice at least 30 days prior to the effective date of termination.

(c) Co-packing agreement

The Company has a co-packing agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to produce health drinking product. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification or instructions. This agreement shall be effective from 27 February 2019, and shall remain in full force and effect as long as the Group is a shareholder of Danone Sappe Beverage Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

(d) Distribution agreement

The Company has a distribution agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to distribute health drinking product. The term of this agreement shall be for an initial period of 5 years from 27 February 2019. The term of this agreement shall be renewed automatically and extended for successive further periods of 2 years each, unless either gives written notice no later than 6 months before the expiry date. The parties are committed to pay service fee at the rate as stipulated in the agreement.

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Notes to the financial statements

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Significant agreements with related parties

The Group has land and building lease agreements with related parties, and from 1 January 2020, the Group has initially applied TFRS 16 that affect the related parties transaction balance as at 31 December 2020 and for the period ended 31 December 2020 as follows:

<i>At 31 December 2020</i>	Consolidated financial statements <i>(in thousand Baht)</i>	Separate financial statements
Other related parties		
Right-of-use assets	36,557	30,380
Lease liabilities	41,488	34,441

<i>Year ended 31 December 2020</i>	Consolidated financial statements <i>(in thousand Baht)</i>	Separate financial statements
Other related parties		
Depreciation	7,454	7,213
Finance costs	1,391	1,079

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash on hand	44	52	-	-
Cash at banks - current accounts	45,540	78,618	45,461	33,488
Cash at banks - savings accounts	148,805	103,025	106,456	90,899
Cash and cash equivalents in the statement of financial position	194,389	181,695	151,917	124,387
Cash and cash equivalents in the statement of cash flows	194,389	181,695	151,917	124,387

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	94,420	62,744	58,525	48,807
Trading goods	10,787	6,917	10,311	6,273
Work in progress	8,390	17,625	5,408	13,758
Raw materials	42,002	36,820	41,633	36,288
Package and packing material	50,016	71,143	46,851	66,695
Spare parts, factory supplies and others	31,571	26,557	28,236	22,543
Goods in transit	990	1,458	990	210
Total	238,176	223,264	191,954	194,574
<i>Less</i> Allowance for decline in value	(2,985)	(1,621)	(2,985)	(1,621)
Allowance for slow moving	(14,125)	(4,746)	(13,459)	(3,976)
Net	221,066	216,897	175,510	188,977

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Notes to the financial statements

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	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Inventories recognised in ‘cost of sales of goods’:				
- Cost	2,056,385	2,081,203	1,843,936	1,885,753
- Write-down to net realisable value	1,364	258	1,364	258
- Write-down	9,483	2,386	9,483	2,386
Net	<u>2,067,232</u>	<u>2,083,847</u>	<u>1,854,783</u>	<u>1,888,397</u>

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10 Investment in associates

Consolidated financial statements											
Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
(in thousand Baht)											
Indirect associates											
	Danone Sappe Beverages Co., Ltd.	25	25	200,000	200,000	50,000	50,000	14,189	29,744	-	-
	Distributing health drinking product										
	Total			50,000	50,000	50,000	50,000	14,189	29,744	-	-

An indirect associate was incorporated in Thailand.

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

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Acquisitions

In February 2019, Sappe Holding (Thailand) Co., Ltd., a subsidiary made a new investment in 100 percent of the issued and paid up capital of Danone Sappe Beverages Co., Ltd., incorporated in Thailand, for a consideration of Baht 1 million. On 28 February 2019, Danone Sappe Beverages Co., Ltd. registered its share capital from Baht 1 million to Baht 100 million by issuing share capital to Baht 99 million (990,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd. has paid-up share capital amounting to Baht 24 million, totalling to Baht 25 million, 25 percent of issued and paid-up share capital. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 28 February 2019.

In July 2019, Danone Sappe Beverages Co., Ltd. registered its share capital from Baht 100 million to Baht 200 million by issuing share capital to Baht 100 million (1,000,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd., a subsidiary has paid-up share capital amounting to Baht 25 million. The percentage of holding interest of the Group remains unchanged. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 31 July 2019.

The Group has an option to purchase additional shares in the maximum portion of 24 percent of Danone Sappe Beverages Co., Ltd.'s registered shares within three years after the payment date of the first tranche shares in 2019, at the fair value.

Reclassification to subsidiary

In February 2019, the Group made an additional investment in 11 percent of the issued and paid up capital of All Coco Group Co., Ltd., increasing the Group's interest to 51 percent. All Coco Group Co., Ltd. thereby ceased to be an associated company and became a subsidiary. Details of the acquisition are given in note 6.

The Group has an option to purchase additional shares in the maximum portion of 9% of All Coco Group Co., Ltd.'s registered shares within 4 years after the effective date of the first sales and purchase of shares agreement, at the fair value.

In this connection, the Company recognised gain on remeasurement of previously held-equity investment in All Coco Group Co., Ltd. of Baht 10.08 million in the statement of comprehensive income during the year ended 31 December 2019.

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Notes to the financial statements

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Associates

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustment at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Group of All Coco Group Co., Ltd. From 1 January 2019 to 31 January 2019	Danone Sappe Beverages Co., Ltd. 2020	2019
	<i>(in thousand Baht)</i>		
Revenue	31,715	230,887	186,600
Profit (loss) from continuing operations	4,774	(58,782)	(78,974)
Total comprehensive income (100%)	4,774	(58,782)	(78,974)
Total comprehensive income of the Group's interest	1,909	(14,695)	(19,744)
Elimination of unrealised profit on downstream sales and upstream purchase	-	(860)	(512)
Group's share of total comprehensive income	1,909	(15,555)	(20,256)
Current assets	-	170,617	169,675
Non-current assets	-	150	192
Current liabilities	-	(108,523)	(48,842)
Net assets (100%)	-	62,244	121,025
Group's share of net assets	-	15,561	30,256
Elimination of unrealised profit on downstream sales and upstream purchase	-	(1,372)	(512)
Carrying amount of interest in associates	-	14,189	29,744

Sappe Public Company Limited and its Subsidiaries

11 Investments in subsidiaries

Separate financial statements												
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(in thousand Baht)											
Direct subsidiaries												
Sappe Europe s.r.o.	60	60	EUR 6,639		162	162	-	-	162	162	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 290 million		290,000	290,000	-	-	290,000	290,000	-	-
Total					<u>290,162</u>	<u>290,162</u>	<u>-</u>	<u>-</u>	<u>290,162</u>	<u>290,162</u>	<u>-</u>	<u>-</u>
Indirect subsidiaries												
Sappe Trading (Hong Kong) Company Limited	100	100	HKD 100,000		454	454	(454)	(454)	-	-	-	-
Sappe Hong Kong Company Limited	100	100	HKD 3,000,000		13,980	13,980	(13,980)	(13,980)	-	-	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	100	CNY 2,000,000		10,173	10,173	(10,173)	(10,173)	-	-	-	-
All Coco Group Co., Ltd.	51	51	Baht 168 million		196,350	196,350	-	-	196,350	196,350	-	-
Total					<u>220,957</u>	<u>220,957</u>	<u>(24,607)</u>	<u>(24,607)</u>	<u>196,350</u>	<u>196,350</u>	<u>-</u>	<u>-</u>

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totaling Baht 24.61 million during the year ended 31 December 2020 (2019: Baht 24.61 million)

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In February 2019, Sappe Holding (Thailand) Co., Ltd., which is the subsidiary increase its registered share capital from Baht 197 million to Baht 290 million (29,000,000 shares, at the price of Baht 10 per share) by issue authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 93 million (9,300,000 shares, at the price of Baht 10 per share). The Company made a share payment for Baht 68 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 8 February 2019.

In July 2019, the Company made an additional paid-up share for Baht 25 million. Sappe Holding (Thailand) Co., Ltd. were fully paid-up on 22 July 2019.

Details of the increase of investment in subsidiaries from business acquisition during the year ended 31 December 2019 are disclosed in note 6.

In 2016, the Group sold its entire interest in PT. Sappe Indonesia, a subsidiary, of 2,550 shares or 51 percent equity ownership in PT. Sappe Indonesia. The Group has an option to repurchase 51 percent of PT. Sappe Indonesia issued and paid-up share capital. The option can be exercised within three years but no later than five years after the disposal date. The repurchase price will be Baht 82.03 million. In the case that PT. Sappe Indonesia increase its share capital, the repurchase price will be determined by financial due diligence performed by an independence financial advisor. However, the management does not plan to exercise this option at 31 December 2020.

12 Non-controlling interests

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

	31 December 2020			
	All Coco Group Co., Ltd.	Other individually immaterial subsidiaries (in thousand Baht)	Intra-group elimination	Total
Non-controlling interest percentage	49	40		
Current assets	111,776	12,108		
Non-current assets	170,995	1,501		
Current liabilities	(49,263)	(22,843)		
Non-current liabilities	(15,506)	(4,022)		
Net assets	218,002	(13,256)		
Carrying amount of non-controlling interest	106,821	(5,302)	-	101,519
Revenue	316,972	22,219		
Profit (loss)	12,900	(1,329)		
Other comprehensive income	-	(1,059)		
Total comprehensive income	12,900	(2,388)		
Profit (loss) allocated to non-controlling interest	6,321	(532)	-	5,789
Other comprehensive income allocated to non-controlling interest	-	(423)	-	(423)

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For the year ended 31 December 2020

	31 December 2019			
	All Coco Group Co., Ltd.	Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra- group elimination	Total
Non-controlling interest percentage	49	40		
Current assets	89,280	9,700		
Non-current assets	183,543	2,245		
Current liabilities	(47,100)	(19,037)		
Non-current liabilities	(19,760)	(3,777)		
Net assets	205,963	(10,869)		
Carrying amount of non-controlling interest	100,922	(4,347)	-	96,575
Revenue	248,316	28,775		
Profit (loss)	(803)	144		
Other comprehensive income	-	1,103		
Total comprehensive income	(803)	1,247		
Profit (loss) allocated to non-controlling interest	(393)	57	-	(336)
Other comprehensive income allocated to non-controlling interest	-	441	-	441

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13 Property, plant and equipment

<i>Cost</i>	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation Total
At 1 January 2019	131,388	387,792	1,091,239	96,047	55,882	1,849,672
Additions	32	267	14,629	2,804	1,910	91,191
Acquisition through business combination	6	61,220	98,499	4,887	2,089	171,659
Transfer	3,333	14,887	70,737	2,762	1,574	-
Disposals	-	-	(1,348)	(278)	(3,069)	(4,695)
Effect of movements in exchange rates	-	-	(752)	(120)	(163)	(1,035)
At 31 December 2019 and 1 January 2020	139,603	464,166	1,273,004	106,102	58,223	2,106,792
Recognition of right-of-use asset on initial application of TFRS 16	3 (b)	-	(42,611)	-	(1,770)	(44,381)
At 1 January 2020 – as adjusted	139,603	464,166	1,230,393	106,102	56,453	2,062,411
Additions	363	392	15,855	2,362	3,593	80,439
Transfer	6,805	7,632	32,538	9,312	-	-
Disposals	-	-	(1,951)	(3,774)	(6,073)	(11,798)
Effect of movements in exchange rates	-	-	914	(107)	151	958
At 31 December 2020	146,771	472,190	1,277,749	113,895	54,124	2,132,010

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For the year ended 31 December 2020

	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation
						Total
Depreciation and impairment losses						
At 1 January 2019	18,766	142,721	527,872	65,593	37,340	793,726
Depreciation for the year	4,361	29,582	130,876	11,674	7,239	183,732
Transfer	544	5,419	(4,986)	(183)	(794)	-
Disposals	-	-	(670)	(23)	(3,070)	(3,763)
Effect of movements in exchange rates	-	-	(653)	(3)	(87)	(743)
At 31 December 2019 and 1 January 2020	23,671	177,722	652,439	77,058	40,628	972,952
Recognition of depreciation of right-of-use asset on initial application of TFRS 16	-	-	(15,482)	-	(1,147)	(16,629)
At 1 January 2020 – as adjusted	23,671	177,722	636,957	77,058	39,481	956,323
Depreciation for the year	3,644	29,398	128,269	10,728	6,763	178,802
Disposals	-	-	(1,650)	(2,392)	(6,071)	(10,113)
Effect of movements in exchange rates	-	-	669	(13)	121	777
At 31 December 2020	27,315	207,120	764,245	85,381	40,294	1,125,789
Net book value						
At 31 December 2019	115,932	286,444	617,386	29,044	17,123	1,130,189
Owned assets	-	-	3,179	-	472	3,651
Assets under finance leases	115,932	286,444	620,565	29,044	17,595	1,133,840
At 31 December 2020	119,456	265,070	513,504	28,514	13,830	1,006,221
Owned assets						

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Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Asset under construction and installation	Total
<i>(in thousand Baht)</i>							
Cost							
At 1 January 2019	131,388	387,792	1,081,781	95,965	54,099	87,324	1,838,349
Additions	-	122	12,309	1,747	1,910	66,379	82,467
Transfer	-	1,304	85,556	2,130	2,596	(91,586)	-
Disposals	-	-	(194)	-	(3,069)	-	(3,263)
At 31 December 2019 and 1 January 2020	131,388	389,218	1,179,452	99,842	55,536	62,117	1,917,553
Additions	363	145	13,670	2,003	3,593	50,284	70,058
Transfer	6,806	7,619	22,144	9,013	-	(45,582)	-
Disposals	-	-	(747)	(1,726)	(5,568)	-	(8,041)
At 31 December 2020	138,557	396,982	1,214,519	109,132	53,561	66,819	1,979,570
Depreciation and impairment losses							
At 1 January 2019	18,766	142,721	520,880	65,562	36,523	1,434	785,886
Depreciation for the year	4,246	24,545	117,062	10,103	5,967	-	161,923
Disposals	-	-	(193)	-	(3,069)	-	(3,262)
At 31 December 2019 and 1 January 2020	23,012	167,266	637,749	75,665	39,421	1,434	944,547
Depreciation for the year	3,474	24,006	118,782	9,268	6,285	-	161,815
Disposals	-	-	(746)	(1,718)	(5,568)	-	(8,032)
At 31 December 2020	26,486	191,272	755,785	83,215	40,138	1,434	1,098,330
Net book value							
At 31 December 2019	108,376	221,952	541,703	24,177	16,115	60,683	973,006
At 31 December 2020	112,071	205,710	458,734	25,917	13,423	65,385	881,240

The gross amount of the Group and Company's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2020 amounted to Baht 297.40 million and Baht 282.96 million, respectively (2019: Baht 223.89 million and Baht 218.23 million).

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For the year ended 31 December 2020

14 Leases

As a lessee

	Consolidated financial statements	Separate financial statements
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
Right-of-use assets		
Buildings	72,271	63,124
Machinery	24,418	-
Vehicles	74	-
Total	96,763	63,124

In 2020, additions to the right-of-use assets of the Group and the Company were Baht 110.15 million and Baht 75.17 million, respectively.

Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	Consolidated financial statements		Separate financial statements	
<i>For the year ended 31 December</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Amounts recognised in profit or loss				
Depreciation of right-of-use assets:				
- Buildings	13,452	-	12,046	-
- Machinery	2,710	-	-	-
- Vehicles	428	-	-	-
Interest on lease liabilities	2,813	-	2,098	-
Expenses relating to short-term leases	10,666	-	6,304	-
Lease expense	-	21,962	-	14,834

In 2020, total cash outflow for leases of the Group and the Company were Baht 21.39 million and Baht 13.21 million, respectively.

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For the year ended 31 December 2020

15 Goodwill

		Consolidated financial statements	
	<i>Note</i>	2020	2019
		<i>(in million Baht)</i>	
Cost			
At 1 January		90,899	-
Acquired through business combinations	6	-	90,899
At 31 December		90,899	90,899
Net book value			
At 31 December		90,899	90,899

Impairment testing for CGU containing goodwill

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations of All Coco Group Co., Ltd., which the carrying amount of the CGU was determined to be lower than its recoverable amount therefore no impairment losses to be recognised as of 31 December 2020 and 2019.

	Consolidated financial statements	
	2020	2019
	<i>(in million Baht)</i>	
Key assumptions used in the estimation of value in use		
Discount rate	4.4	5.2
Terminal value growth rate	0.0	0.0

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

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Notes to the financial statements

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16 Intangible assets other than goodwill

Consolidated financial statements					
	Note	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost					
At 1 January 2019		30,478	51,608	1,560	83,646
Acquisition through business combination	6	4,269	1,147	-	5,416
Additions		3,985	1,567	336	5,888
Effect of movements in exchange rates		(85)	-	-	(85)
At 31 December 2019 and 1 January 2020		38,647	54,322	1,896	94,865
Additions		369	243	-	612
Disposals		-	(71)	-	(71)
Effect of movements in exchange rates		85	-	-	85
At 31 December 2020		39,101	54,494	1,896	95,491
Amortisation					
At 1 January 2019		22,067	9,082	195	31,344
Amortisation for the year		3,121	4,323	100	7,544
Effect of movements in exchange rates		(85)	-	-	(85)
At 31 December 2019 and 1 January 2020		25,103	13,405	295	38,803
Amortisation for the year		1,343	5,208	100	6,651
Effect of movements in exchange rates		85	-	-	85
At 31 December 2020		26,531	18,613	395	45,539
Net book value					
At 31 December 2019		13,544	40,917	1,601	56,062
At 31 December 2020		12,570	35,881	1,501	49,952

Separate financial statements					
		Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost					
At 1 January 2019		29,549	51,608	1,560	82,717
Additions		60	1,568	-	1,628
At 31 December 2019 and 1 January 2020		29,609	53,176	1,560	84,345
Additions		153	243	-	396
Disposals		-	(71)	-	(71)
At 31 December 2020		29,762	53,348	1,560	84,670
Amortisation					
At 1 January 2019		21,138	9,082	195	30,415
Amortisation for the year		3,015	4,297	100	7,412
At 31 December 2019 and 1 January 2020		24,153	13,379	295	37,827
Amortisation for the year		1,224	5,180	100	6,504
At 31 December 2020		25,377	18,559	395	44,331

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	Separate financial statements			
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
<i>Net book value</i>				
At 31 December 2019	<u>5,456</u>	<u>39,797</u>	<u>1,265</u>	<u>46,518</u>
At 31 December 2020	<u>4,385</u>	<u>34,789</u>	<u>1,165</u>	<u>40,339</u>

17 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Other payables - related parties	7	638	804	88	598
Accrued interest expense - related parties	7	96	698	-	-
Accrued promotional expense		139,911	144,738	131,308	144,738
Accrued expenses		106,585	111,732	105,960	102,301
Other payables - other parties		78,773	79,781	69,567	73,950
Advance received		28,243	17,802	26,641	15,150
Others		5,755	10,793	1,645	8,422
Total		<u>360,001</u>	<u>366,348</u>	<u>335,209</u>	<u>345,159</u>

18 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	25,164	18,326	24,572	17,978
Other long-term employee benefits	2,449	1,977	2,449	1,977
Total	<u>27,613</u>	<u>20,303</u>	<u>27,021</u>	<u>19,955</u>
<i>Year ended 31 December</i>				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	6,838	8,084	6,594	7,924
Other long-term employee benefits	912	817	912	817
Total	<u>7,750</u>	<u>8,901</u>	<u>7,506</u>	<u>8,741</u>
Recognised in other comprehensive income:				
Actuarial gain recognised in the year	-	(656)	-	(656)
Cumulative actuarial loss recognised	2,902	3,558	2,902	3,558
Total	<u>2,902</u>	<u>2,902</u>	<u>2,902</u>	<u>2,902</u>

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Defined benefit plan

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E.2541 (1998) to provide requirement 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 and interest rate risk.

<i>Present value of the defined benefit obligations</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2020	2019 (in thousand Baht)	2020	2019
At 1 January		20,303	12,435	19,955	12,435
Included in profit or loss:	23				
Current service cost		7,242	5,862	7,008	5,717
Past service cost		-	2,675	-	2,665
Interest on obligation		508	364	498	359
		<u>7,750</u>	<u>8,901</u>	<u>7,506</u>	<u>8,741</u>
Included in other comprehensive income					
Actuarial gain					
- Demographic assumptions		-	9	-	9
- Financial assumptions		-	1,551	-	1,551
- Experience adjustment		-	(2,216)	-	(2,216)
		<u>-</u>	<u>(656)</u>	<u>-</u>	<u>(656)</u>
Other					
Benefit paid		(440)	(565)	(440)	(565)
Acquisition through business combination		-	188	-	-
		<u>(440)</u>	<u>(377)</u>	<u>(440)</u>	<u>(565)</u>
At 31 December		<u>27,613</u>	<u>20,303</u>	<u>27,021</u>	<u>19,955</u>

Other long-term employee benefit

Other long-term employee benefit was based on the length of service of employees and actuarial assumptions as basis to calculate the obligations.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2020	2019 (%)	2020	2019
Discount rate	2.49 - 2.93	2.49 - 2.93	2.49	2.49
Future salary growth	5	5	5	5
Employee turnover	0 - 40	0 - 40	0 - 40	0 - 40

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

As at 31 December 2020, the weighted-average duration of the defined benefit obligation was 23.85 - 30.28 years (2019: 23.85 - 30.28 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Discount rate	(3,294)	(2,542)	3,886	3,018
Future salary growth	3,938	2,832	(3,379)	(2,434)
Employee turnover	(3,640)	(2,819)	1,715	1,424
Future mortality	183	139	(181)	(138)

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Discount rate	(3,230)	(2,502)	3,810	2,971
Future salary growth	3,853	2,784	(3,306)	(2,392)
Employee turnover	(3,567)	(2,774)	1,687	1,405
Future mortality	179	137	(178)	(136)

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

19 Share capital

	Par value per share (in Baht)	2020		2019	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
Authorised shares at 31 December	1	308,438	308,438	308,438	308,438
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	304,378	304,378	304,368	304,368
Shares options exercised (Note 20)	1	-	-	10	10
At 31 December					
- ordinary shares	1	304,378	304,378	304,378	304,378

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.

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20 Warrants

At the annual general shareholders' meeting of the Company held on 26 April 2018, the shareholders passed resolutions to approve the issuance of 4,070,000 units of warrants with a term of 4 years ("Warrant" or "SAPPE-WA2") to qualifying management and employees of the Company. The warrants will be granted on the last working day of June and December of each year. The first exercise date is 12 months after issuing the warrants and the holders must have complied with all terms of the exercising right.

The warrants have been allocated to the management (including directors) and employees of the Company. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 20.56 per share (unless the adjustment of the exercising right). The terms of the exercise and the fair value of the share options has the detail as follow:

Description	Details
Type of warrants	Warrants to purchase ordinary shares of Sappe Public Company Limited issued to the management (including the executive directors) and employees of the Company at the second time (SAPPE-WA2), specification of the holder's name and non-transferable unless the transfer of inheritance or transfer to heirs or representatives by law.
Issue and sell quantities	4,070,000 units
Terms of warrants	4 years from the issuance date of warrant
Exercise ratio	1 warrant to 1 ordinary share unless there is a change in exercise ratio under the change conditions.
Exercise price	Baht 20.56 per share
Exercise period and proportion	The holders of SAPPE-WA2 can exercise the warrants to purchase ordinary shares of the Company after holding it for the specified period. The first exercise date is 12 months after issuing the warrants. The details are as follows:

The period of holding the warrants (month) after issuance	The right that can be exercised as a percentage of the warrants received
12	20%
18	30%
24	40%
30	55%
36	70%
42	100%

Fair value of warrants Baht 6.9 - 8.3

The purchasing condition requires that the employees must have employee status on each date of exercising the right.

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The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Grant date share price (Baht)	26.00
Exercise price warrant (Baht)	20.56
Historical volatility in 3 years and 3 months at the allotment date (per semi-annual)	35.00%
Historical dividend yield	2.60%
Risk free interest rate at the allotment date	1.18 – 1.85%

Expenses for share-based payment transactions in the consolidated and separate financial statements for the year ended 31 December 2020 were Baht 6.87 million (2019: Baht 11.93 million).

Movements during the years ended 31 December of warrants were as follows:

	Consolidated / Separate financial statements			
	2020		2019	
	Average exercise price per share (Baht)	Option shares (in thousand shares)	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January	7.72	4,060	7.72	4,070
Exercise	-	-	6.90	(10)
At 31 December	<u>7.72</u>	<u>4,060</u>	<u>7.72</u>	<u>4,060</u>

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% 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 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

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

Defined benefit plan actuarial gains (losses)

The defined benefit plan actuarial gains (losses) account within equity comprises experience adjustments which are the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

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Differences arising from common control transactions

The differences arising from common control transactions within equity represents the excess of the book values of certain entities or businesses under common control over their cost as of the date of their acquisition. The reserve is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

22 Segment information and disaggregation of revenue

Management determined that the Group has 2 reportable segments, as described below, which are the strategic divisions for different products and are managed separately because they require different technology. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Health drinking products
Segment 2	Coconut products

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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Year ended 31 December	Consolidated financial statements										
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
(in thousand Baht)											
Information about reportable segments											
External revenues	2,991,547	3,045,514	255,465	226,754	21,072	27,210	3,268,084	3,299,478	-	-	3,268,084
Inter-segment revenue	331	5,962	59,399	17,621	-	-	59,730	23,583	(59,730)	(23,583)	-
Total revenue	2,991,878	3,051,476	314,864	244,375	21,072	27,210	3,327,814	3,323,061	(59,730)	(23,583)	3,299,478
Disaggregation of revenue											
Primary geographical markets											
Thailand	1,283,233	1,155,450	290,126	238,201	-	-	1,573,359	1,393,651	(59,461)	(17,621)	1,376,030
Indonesia and Philippines	667,788	776,118	-	-	-	-	667,788	776,118	-	-	667,788
Korea	247,274	318,769	-	1,530	-	-	247,274	320,299	-	-	247,274
Others	793,583	801,139	24,738	4,644	21,072	27,210	839,393	832,993	(269)	(5,962)	827,031
Total revenue	2,991,878	3,051,476	314,864	244,375	21,072	27,210	3,327,814	3,323,061	(59,730)	(23,583)	3,299,478
Major products											
Drinks	2,482,362	2,615,380	246,438	207,942	21,072	27,210	2,749,872	2,850,532	(16,257)	(23,583)	2,826,949
Others	509,516	436,096	68,426	36,433	-	-	577,942	472,529	(43,473)	-	472,529
Total revenue	2,991,878	3,051,476	314,864	244,375	21,072	27,210	3,327,814	3,323,061	(59,730)	(23,583)	3,299,478
Timing of revenue recognition											
At a point in time	2,991,878	3,051,476	314,864	244,375	21,072	27,210	3,327,814	3,323,061	(59,730)	(23,583)	3,299,478

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Year ended 31 December	Consolidated financial statements											
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019

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<i>Year ended 31 December</i>	Separate financial statements	
	Reportable segments	
	2020	2019
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	1,283,233	1,155,450
Indonesia and Philippines	667,788	776,118
Korea	247,274	318,769
Others	793,583	801,139
Total revenue	2,991,878	3,051,476
Major products		
Drinks	2,482,362	2,615,380
Others	509,516	436,096
Total revenue	2,991,878	3,051,476
Timing of revenue recognition		
At a point in time	2,991,878	3,051,476

(a) Geographical segments

In presenting information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

Geographical information	Consolidated financial statements			
	Revenues		Non-current assets	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Thailand	1,513,898	1,376,030	1,284,323	1,443,812
Indonesia and Philippines	667,788	776,118	-	-
Korea	247,274	320,299	-	-
Others	839,124	827,031	1,520	2,278
Total	3,268,084	3,299,478	1,285,843	1,446,090

(b) Major customer

Revenues from 2 major customers of the Group's represent approximately Baht 668 million (2019: 2 customers approximately Baht 776 million) of the Group's total revenues.

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23 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Management					
Wages and salaries		42,010	40,103	42,010	40,103
Contribution to provident fund		838	800	838	800
Defined benefit plans and other					
long-term employee benefit	18	1,380	1,380	1,380	1,380
Share-based payment	20	1,760	3,056	1,760	3,056
Others		12,735	16,885	12,735	16,885
Total		58,723	62,224	58,723	62,224
Other employee					
Wages and salaries		252,524	241,315	203,700	198,676
Contribution to provident fund		4,967	4,182	4,730	3,955
Defined benefit plans and other					
long-term employee benefit	18	6,370	7,521	6,126	7,361
Share-based payment	20	5,111	8,875	5,111	8,875
Others		101,553	106,616	93,035	96,494
Total		370,525	368,509	312,702	315,361

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 3% of their basic salaries and by the Company at rate 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

24 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		(4,527)	20,669	(1,369)	28,215
Raw materials and consumables used		1,430,010	1,428,412	1,283,405	1,287,848
Employee benefit expenses	23	429,248	430,733	371,425	377,585
Sale promotion expenses		250,783	271,142	246,530	265,762
Depreciation and amortisation expenses	13, 14, 16	202,165	191,273	180,365	169,335
Wages		134,717	129,457	134,717	129,457
Transportation expenses		110,359	113,388	105,682	107,866
Utilities expenses		81,667	86,179	67,270	70,865
Others		182,653	193,403	163,154	173,758
Total cost of sales of goods, distribution costs and administrative expenses		2,817,075	2,864,656	2,551,179	2,610,691

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25 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	96,934	102,239	95,933	102,370
Adjustment for prior year	-	(363)	-	(363)
	<u>96,934</u>	<u>101,876</u>	<u>95,933</u>	<u>102,007</u>
Deferred tax expense				
Movement in temporary differences	(968)	(1,865)	(1,460)	(2,260)
Total income tax expense	<u>95,966</u>	<u>100,011</u>	<u>94,473</u>	<u>99,747</u>

Consolidated financial statements						
<i>Income tax</i>	Before tax	2020	Net of tax	2019	Before tax	Net of tax
		Tax benefit		Tax benefit		
Recognised in other comprehensive income						
Defined benefit plan actuarial losses	-	-	-	(656)	131	(525)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(656)</u>	<u>131</u>	<u>(525)</u>

Separate financial statements						
<i>Income tax</i>	Before tax	2020	Net of tax	2019	Before tax	Net of tax
		Tax benefit		Tax benefit		
Recognised in other comprehensive income						
Defined benefit plan actuarial losses	-	-	-	(656)	131	(525)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(656)</u>	<u>131</u>	<u>(525)</u>

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Reconciliation of effectively tax rate

	Rate (%)	Consolidated financial statements		Rate (%)	2019 (in thousand Baht)
		2020 (in thousand Baht)			
Profit before income tax		481,917			502,738
Income tax using the Thai corporation tax rate	20	96,383	20		100,548
Effect of different tax rates in foreign jurisdictions		(1,354)			2,653
Income not subject to tax		3,111			1,652
Additional expenses deductible		(5,614)			(4,677)
Expenses not deductible for tax purposes		3,440			4,178
Recognition of previously unrecognised deferred tax		-			(3,980)
Over provided in prior years		-			(363)
Total	20	95,966	20		100,011

Reconciliation of effectively tax rate

	Rate (%)	Separate financial statements		Rate (%)	2019 (in thousand Baht)
		2020 (in thousand Baht)			
Profit before income tax		481,108			518,641
Income tax using the Thai corporation tax rate	20	96,222	20		103,728
Additional expenses deductible		(4,515)			(3,263)
Expenses not deductible for tax purposes		2,766			3,625
Recognition of previously unrecognised deferred tax		-			(3,980)
Over provided in prior years		-			(363)
Total	20	94,473	19		99,747

Deferred tax

At 31 December

	Consolidated financial statements		Separate financial statements	
	2020	2019 (in thousand Baht)	2020	2019
Deferred tax assets	18,809	15,884	18,288	15,435
Deferred tax liabilities	(3,410)	(3,498)	(77)	(514)
Net	15,399	12,386	18,211	14,921

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<i>Deferred tax</i>	Consolidated financial statements				
	At 1 January	Impact on changes in accounting policies	At 1 January (Restated) (in thousand Baht)	(Charged) / Credit to Profit or loss	At 31 December
2020					
<i>Deferred tax assets</i>					
Trade accounts receivable	271	41	312	(64)	248
Other current receivables	2,736	670	3,406	(425)	2,981
Short-term loans to related parties	1,578	-	1,578	148	1,726
Inventories	1,265	-	1,265	2,157	3,422
Property, plant and equipment	4,446	-	4,446	(934)	3,512
Right-of-use assets	-	901	901	188	1,089
Provisions for employee benefit	4,060	-	4,060	1,462	5,522
Other current payables	1,528	-	1,528	(1,219)	309
Total	15,884	1,612	17,496	1,313	18,809
<i>Deferred tax liabilities</i>					
Property, plant and equipment	(1,908)	-	(1,908)	253	(1,655)
Lease liabilities	(1,076)	181	(895)	(783)	(1,678)
Derivatives	(514)	253	(261)	184	(77)
Total	(3,498)	434	(3,064)	(346)	(3,410)
Net	12,386	2,046	14,432	967	15,399

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	Consolidated financial statements (Charged) / Credited to				
	At 1 January	Profit or loss	Other comprehensive income (in thousand Baht)	Acquired in business combination	At 31 December
<i>Deferred tax</i>					
2019					
<i>Deferred tax assets</i>					
Trade accounts receivable	-	271	-	-	271
Other current receivables	2,681	55	-	-	2,736
Short-term loans to related parties	1,738	(160)	-	-	1,578
Inventories	590	675	-	-	1,265
Property, plant and equipment	5,379	(933)	-	-	4,446
Provisions for employee benefit	2,487	1,704	(131)	-	4,060
Other current payables	1,893	(365)	-	-	1,528
Total	14,768	1,247	(131)	-	15,884
<i>Deferred tax liabilities</i>					
Debt instruments	(1,732)	1,732	-	-	-
Property, plant and equipment	-	232	-	(2,140)	(1,908)
Finance lease liabilities	-	(1,076)	-	-	(1,076)
Derivatives	(244)	(270)	-	-	(514)
Total	(1,976)	618	-	(2,140)	(3,498)
Net	12,792	1,865	(131)	(2,140)	12,386

	Separate financial statements				
	At 1	Impact on	At 1 January	(Charged) /	At 31
<i>Deferred tax</i>	January	changes in	(Restated)	Credit to	December
		accounting	(in thousand Baht)	Profit or loss	
		policies			
2020					
<i>Deferred tax assets</i>					
Trade accounts receivable	46	6	52	(52)	-
Other current receivables	2,736	670	3,406	(425)	2,981
Short-term loans to related parties	1,578	-	1,578	148	1,726
Inventories	1,118	-	1,118	2,171	3,289
Property, plant and equipment	4,446	-	4,446	(934)	3,512
Right-of-use	-	901	901	188	1,089
Provisions for employee benefit	3,991	-	3,991	1,413	5,404
Other current payables	1,520	-	1,520	(1,233)	287
Total	15,435	1,577	17,012	1,276	18,288
<i>Deferred tax liabilities</i>					
Derivatives	(514)	253	(261)	184	(77)
Total	(514)	253	(261)	184	(77)
Net	14,921	1,830	16,751	1,460	18,211

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<i>Deferred tax</i>	At 1 January	Separate financial statements (Charged)/ credited to		At 31 December
		Profit or loss (in million Baht)	Other comprehensive income	
2019				
<i>Deferred tax assets</i>				
Trade accounts receivable	-	46	-	46
Other current receivables	2,681	55	-	2,736
Short-term loans to related parties	1,738	(160)	-	1,578
Inventories	590	528	-	1,118
Property, plant and equipment	5,379	(933)	-	4,446
Provisions for employee benefit	2,487	1,635	(131)	3,991
Other current payables	1,893	(373)	-	1,520
Total	14,768	798	(131)	15,435
<i>Deferred tax liabilities</i>				
Debt instruments	(1,732)	1,732	-	-
Derivatives	(244)	(270)	-	(514)
Total	(1,976)	1,462	-	(514)
Net	12,792	2,260	(131)	14,921

The Company has not recognised deferred tax liabilities arising from temporary differences on currency translation difference of the subsidiaries' financial statements because the Company does not intend to dispose of investments in the subsidiaries in the foreseeable future.

During 2020, The Group's subsidiaries, Sappe Holding (Thailand) Co., Ltd, All Coco Group Co., Ltd. and Sappe Hong Kong Co., Ltd. have not recognised deferred tax assets arising from temporary differences on investment in subsidiaries totalling Baht 2.9 million, Baht 3.0 million and Baht 2.0 million, respectively (2019: Baht 2.9 million, Baht 3.0 million and Baht 2.0 million) because the Company have cumulative tax losses.

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26 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(In thousand Baht/thousand shares)</i>			
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>				
Profit for the year attributable to ordinary shareholders of the Company (basic)	<u>380,161</u>	<u>403,063</u>	<u>386,636</u>	<u>418,895</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>380,161</u>	<u>403,063</u>	<u>386,636</u>	<u>418,895</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	304,378	304,368	304,378	304,368
Effect of issuing shares options exercised	-	5	-	5
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>304,378</u>	<u>304,373</u>	<u>304,378</u>	<u>304,373</u>
Weighted average number of ordinary shares outstanding (diluted) at 31 December	<u>304,378</u>	<u>304,373</u>	<u>304,378</u>	<u>304,373</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>1.25</u>	<u>1.32</u>	<u>1.27</u>	<u>1.38</u>
Earnings per share (dilute) <i>(in Baht)</i>	<u>1.25</u>	<u>1.32</u>	<u>1.27</u>	<u>1.38</u>

At 31 December 2020 and 2019, the effect was excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

27 Dividend

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

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in thousand Baht)</i>
<i>2020</i>				
Interim dividend	26 March 2020	April 2020	<u>0.83</u>	<u>252,567</u>
<i>2019</i>				
Annual dividend	18 April 2019	May 2019	<u>0.66</u>	<u>200,830</u>

28 Financial instruments

(a) Carrying amounts and fair values

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

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		Consolidated financial statements				Fair value
		Carrying amount	(in thousand Baht)			
		Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2
	Note				Level 3	Total
At 31 December 2020						
Financial assets						
Other financial assets						
Debt instruments		1,415,102	-	1,415,102	-	1,415,102
Derivatives assets		3,536	-	3,536	-	3,536
Total other financial assets		1,418,638	-	1,418,638		
Financial liabilities						
Borrowings from financial institutions		-	(31)	(31)	-	(31)
Loans from related parties	7	-	(9,352)	(9,352)	-	(9,352)
At 31 December 2020						
Financial assets						
Loans to related parties						
Other financial assets						
Debt instruments		1,415,102	-	1,415,102	-	1,415,102
Derivatives assets		3,536	-	3,536	-	3,536
Total other financial assets		1,418,638	-	1,418,638		

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	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair Value Level 2 (in thousand Baht)	Carrying amount	Fair Value Level 2
31 December 2019				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	1,132,132	1,132,132	1,132,132	1,132,132
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	2,514	1,250	2,514	1,250

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Derivatives	<i>In cases where there is an active market,</i> the Group uses the market value as the fair value of derivatives. <i>In cases where there is no active market,</i> simple over-the-counter derivative are derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.
Debt securities held for trading	The net asset value as of the reporting date.

(b) 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 has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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.

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(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 accounts 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. Detail of concentration of revenue are included in note 22(a) - (b).

The risk management committee 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. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the authorized person.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of three months.

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

	Consolidated financial statements		Separate financial statements	
	Trade accounts receivables (carrying amounts)	Allowance for expected credit loss	Trade accounts receivables (carrying amounts)	Allowance for expected credit loss
At 31 December 2020		<i>(in thousand Baht)</i>		
Within credit terms	259,648	6	257,632	-
Overdue:				
Less than 3 months	172,262	115	160,478	-
3 - 6 months	3,444	52	496	-
6 - 12 months	188	48	131	-
More than 12 months	1,285	1,018	180	-
Total	436,827	1,239	418,917	-
Less allowance for expected credit loss	(1,239)		-	
Net	435,588		418,917	

Loss rates are based on actual credit loss experience over the past three 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.

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	Consolidated financial statements	Separate financial statements
<i>Trade accounts receivables</i>		
	<i>(in thousand Baht)</i>	
At 31 December 2019		
Within credit terms	204,705	194,295
Overdue:		
Less than 3 months	138,823	131,225
3-6 months	9,341	9,075
6-12 months	233	227
Over 12 months	1,123	-
	354,225	334,822
<i>Less allowance for doubtful accounts</i>	<i>(1,356)</i>	<i>(227)</i>
Net	352,869	334,595

The normal credit term granted by the Group ranges from 30 days to 60 days.

		Consolidated financial statements	Separate financial statements
<i>Movement of allowance for expected credit loss of trade accounts receivables</i>		<i>(in thousand Baht)</i>	
	<i>Note</i>		
At 1 January 2020 – restated	3	1,560	257
Reversal		(321)	(257)
At 31 December 2020		1,239	-

(b.1.2) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with a minimum credit rating of AA assigned by, for which the Group considers to have low credit risk.

(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.

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	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years (in thousand Baht)	More than 2 years but less than 5 years	More than 5 years	
At 31 December 2020						
Non-derivative financial liabilities						
Bank overdraft	1,462	1,462	-	-	-	1,462
Trade payables	217,939	217,939	-	-	-	217,939
Loans from financial institutions	31	31	-	-	-	31
Loan from related parties	9,352	9,352	-	-	-	9,352
Lease liabilities	91,228	25,330	11,803	17,530	36,565	91,228
	<u>320,012</u>	<u>254,114</u>	<u>11,803</u>	<u>17,530</u>	<u>36,565</u>	<u>320,012</u>
Derivative financial liabilities						
Forward exchange contracts:						
- Cash outflow	-	(67,688)	-	-	-	(67,688)
- Cash inflow	3,536	71,224	-	-	-	71,224
	<u>3,536</u>	<u>3,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,536</u>

Separate financial statements

	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years (in thousand Baht)	More than 2 years but less than 5 years	More than 5 years	
At 31 December 2020						
Non-derivative financial liabilities						
Trade payables	228,783	228,783	-	-	-	228,783
Lease liabilities	68,568	11,571	10,527	16,502	29,968	68,568
	<u>297,351</u>	<u>240,354</u>	<u>10,527</u>	<u>16,502</u>	<u>29,968</u>	<u>297,351</u>
Derivative financial liabilities						
Forward exchange contracts:						
- Cash outflow	-	(67,688)	-	-	-	(67,688)
- Cash inflow	3,536	71,224	-	-	-	71,224
	<u>3,536</u>	<u>3,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,536</u>

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Consolidated financial statements					
			Maturity period		
<i>At 31 December 2019</i>	<i>Note</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
Financial Liabilities					
Loans payable - Related parties	7	Market rate	10,975	-	10,975

		Separate financial statements			
			Maturity period		
<i>At 31 December 2019</i>	<i>Note</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
Financial Assets					
Loans receivable - Related parties	7	3.2	7,650	-	7,650

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(b.3) Market risk

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

(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 utilizes 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.

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	Consolidated financial statements						
	2020			2019			
<i>Exposure to foreign currency at 31 December</i>	USD	EUR	HKD	CNY	Total (in thousand Baht)	USD	EUR
Cash and cash equivalents	77	11	10,884	614	11,586	22	1,378
Trade accounts receivables	54,041	12,407	-	-	66,448	44,846	14,185
Other current receivables	84	1,678	-	2,064	3,826	-	68
Interest-bearing liabilities	-	(5,531)	-	-	(5,531)	-	(3,625)
Trade payables	(3,502)	(554)	-	(229)	(4,285)	-	(653)
Other current payables	(52,260)	(10,961)	(43)	(282)	(63,546)	(4,179)	(8,911)
Net statement of financial position exposure	(1,560)	(2,950)	10,841	2,167	8,498	40,689	2,442
Forward exchange selling contracts	(54,125)	-	-	-	(54,125)	(44,846)	-
Net exposure	(55,685)	(2,950)	10,841	2,167	(45,627)	(4,157)	2,442
Separate financial statements							
	2020			2019			
<i>Exposure to foreign currency at 31 December</i>	USD	EUR	CNY	Total (in thousand Baht)	USD	EUR	Total
Cash and cash equivalents	61	2	-	63	2	1	3
Trade accounts receivables	48,434	5,647	-	54,081	44,846	9,776	54,622
Other current receivables	84	-	-	84	-	-	-
Trade accounts payables	(3,502)	-	(229)	(3,731)	-	-	-
Other current payables	(51,925)	(5,711)	-	(57,636)	(3,944)	(6,043)	(9,987)
Net statement of financial position exposure	(6,848)	(62)	(229)	(7,139)	40,904	3,734	44,638
Forward exchange selling contracts	(48,518)	-	-	(48,518)	(44,846)	-	(44,846)
Net exposure	(55,366)	(62)	(229)	(55,657)	(3,942)	3,734	(208)

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk

<i>Exposure to interest rate risk at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Financial instruments with fixed interest rates</i>				
Financial assets	-	-	5,610	7,650
Financial liabilities	10,845	11,108	-	-
	<u>10,845</u>	<u>11,108</u>	<u>5,610</u>	<u>7,650</u>

29 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Machinery, equipment and other constructions	23,144	12,719	20,804	8,039
Software	-	163	-	-
Total	<u>23,144</u>	<u>12,882</u>	<u>20,804</u>	<u>8,039</u>
<i>Other commitments</i>				
Short-term lease commitments	10,815	-	9,436	-
Bank guarantees	10,616	10,616	10,616	10,616
Total	<u>21,431</u>	<u>10,616</u>	<u>20,052</u>	<u>10,616</u>

30 Contingent liabilities

As at 31 December 2020, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 14.57 million). The Company have won in the federal court. Presently, the case is under the appeal of the distributor. However, the Company has set aside provision of Baht 0.86 million (2019: Baht 0.86 million) for liability that may arise as a result of this case, based on the opinion of their management and legal department.

Sappe Public Company Limited and its Subsidiaries
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31 Treasury shares

At the Board of Directors' meeting of the Company held on 16 June 2020, the Board of directors of the Company approved the share repurchase program for financial management purpose in accordance with the Section 66/1(2) of the Public Company Limited Act in the amount not exceeding Baht 150.0 million. The number of ordinary shares to be repurchased is not exceeding 7.5 million shares (par value of Baht 1 per share); equal to 2.46% of the total number of paid-up share capital of the Company. In this regard, the Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 1 July 2020 to 30 December 2020.

As of 30 December 2020, the share repurchase program ended, the Company did not repurchase any ordinary shares during this period.

32 Event after the reporting period

- 1) In January 2021, Sappe Holding (Thailand) Co., Ltd., which is the subsidiary increase its registered share capital from Baht 290 million to Baht 320 million (32,000,000 shares, at the price of Baht 10 per share) by issue authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 30 million (3,000,000 shares, at the price of Baht 10 per share). The Company made a share payment for Baht 30 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 8 January 2021.
- 2) In February 2021, Danone Sappe Beverages Co., Ltd. increase its registered share capital from Baht 200 million to Baht 300 million by issuing share capital to Baht 100 million (1,000,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd., a subsidiary has paid-up share capital amounting to Baht 25 million. The percentage of holding interest of the Group remains unchanged. Danone Sappe Beverages Co., Ltd. is in the registration process with the Ministry of Commerce.
- 3) In February 2021, the plaintiff has officially withdrawn its appeal at second instance. Since the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 14.57 million), resulted in the settlement of the lawsuit and the Company had no liability from the lawsuit.