

**Siam Pan Group 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 Siam Pan Group Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Siam Pan Group Public Company Limited and its subsidiaries (the "Group") and of Siam Pan Group 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 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. ๔



### *Key Audit Matter*

Key audit matter is that matter that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

<b>Valuation of inventories</b>	
Refer to Note 9 to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
There is a risk of valuation of the Group and the Company's inventories due to high competition for the selling prices of the lubricating oil and grease in the market. Accordingly, it is difficult to adjust the selling prices while the price of main raw materials of the Group and the Company are fluctuated as a result of market price and there was an impact from excise tax rate adjustment. As it involves management's judgment and assumptions about future sale in the ordinary course of business for valuation of inventories and inventories are significant. I considered this a Key Audit Matter.	<p>My audit procedures included:</p> <ul style="list-style-type: none"><li>• Assessing the net realisable value of inventories by understanding processes and controls underlying of the Group and the Company's valuation of inventories, the pricing policy and selling price list preparation.</li><li>• Performing test the design and implementation of the controls and sampling tests of net realisable value with selling price in subsequent after the reporting period, selling price list and external price including sampling test of estimated expenses necessary to make the sale.</li><li>• Considering the disclosures in accordance with Thai Financial Reporting Standards.</li></ul>

### *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. The annual report is expected to be made available to me after the date of this auditor's report.

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 when it becomes available 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made. 4





## *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 matter. I describe this matter 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.

*Thitima P.*

(Thitima Pongchaiyong)  
Certified Public Accountant  
Registration No. 10728

KPMG Phoomchai Audit Ltd.  
Bangkok  
15 February 2021

# Siam Pan Group 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
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	6	960,689,448	884,611,983	282,996,339	338,503,603
Other current financial assets	7	2,069,137,537	1,822,920,027	870,012,143	750,725,095
Trade and note receivables	5, 26	35,399,733	51,306,735	13,575,299	11,744,635
Other current receivables	5, 8	42,551,289	49,511,900	19,280,452	19,999,613
Inventories	9	920,943,349	996,996,146	81,258,583	81,548,362
Other current assets	10	14,959,875	15,175,962	2,207,660	1,620,559
<b>Total current assets</b>		<b>4,043,681,231</b>	<b>3,820,522,753</b>	<b>1,269,330,476</b>	<b>1,204,141,867</b>
<b>Non-current assets</b>					
Other non-current financial assets	7	10,925,165	10,484,701	407,376	410,183
Investments in subsidiaries	11	-	-	178,253,110	178,253,110
Investment properties	12	3,311,418	3,311,418	43,914,431	3,311,418
Property, plant and equipment	13	1,579,432,712	1,636,565,248	1,310,830,616	1,330,908,027
Right-of-use assets	14	73,862,865	-	21,840,159	-
Deferred tax assets	23	38,149,020	31,324,680	28,940,438	24,306,932
Other non-current assets		161,526	44,526	137,526	20,526
<b>Total non-current assets</b>		<b>1,705,842,706</b>	<b>1,681,730,573</b>	<b>1,584,323,656</b>	<b>1,537,210,196</b>
<b>Total assets</b>		<b>5,749,523,937</b>	<b>5,502,253,326</b>	<b>2,853,654,132</b>	<b>2,741,352,063</b>

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

# Siam Pan Group 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)			
<b>Current liabilities</b>					
Trade payables	5	82,393,732	111,112,091	90,668,548	108,291,105
Other current payables	15	57,194,068	46,198,980	31,458,026	24,875,336
Current contract liabilities		100,918,746	49,457,604	55,257,721	37,078,801
Current portion of lease liabilities	5, 12, 14	2,957,772	-	2,498,752	-
Current income tax payable		47,652,519	42,879,746	28,119,843	27,314,594
Withholding tax payable		36,385,828	34,527,012	34,800,826	32,704,913
<b>Total current liabilities</b>		<b>327,502,665</b>	<b>284,175,433</b>	<b>242,803,716</b>	<b>230,264,749</b>
<b>Non-current liabilities</b>					
Lease liabilities	5, 12, 14	71,864,803	-	60,748,564	-
Deferred tax liabilities	23	1,709,080	2,337,795	-	-
Non-current provisions for employee benefits	16	91,799,967	90,546,092	68,551,630	65,907,649
<b>Total non-current liabilities</b>		<b>165,373,850</b>	<b>92,883,887</b>	<b>129,300,194</b>	<b>65,907,649</b>
<b>Total liabilities</b>		<b>492,876,515</b>	<b>377,059,320</b>	<b>372,103,910</b>	<b>296,172,398</b>

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



# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
	<i>Note</i>	2020	2019	2020	2019
		<i>(in Baht)</i>			
<b>Equity</b>					
Share capital					
Authorised share capital					
(345,000,000 ordinary shares, par value at					
Baht 1 per share)					
		<u>345,000,000</u>	<u>345,000,000</u>	<u>345,000,000</u>	<u>345,000,000</u>
Issued and paid-up share capital					
(345,000,000 ordinary shares, par value at					
Baht 1 per share)					
		345,000,000	345,000,000	345,000,000	345,000,000
Share premium on ordinary shares	17	297,300,000	297,300,000	297,300,000	297,300,000
Retained earnings					
Appropriated					
Legal reserve					
	18	34,500,000	34,500,000	34,500,000	34,500,000
Unappropriated					
		<u>4,547,674,319</u>	<u>4,416,235,131</u>	<u>1,804,750,222</u>	<u>1,768,379,665</u>
<b>Equity attributable to owners of the Company</b>		<b>5,224,474,319</b>	<b>5,093,035,131</b>	<b>2,481,550,222</b>	<b>2,445,179,665</b>
Non-controlling interests		<u>32,173,103</u>	<u>32,158,875</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b><u>5,256,647,422</u></b>	<b><u>5,125,194,006</u></b>	<b><u>2,481,550,222</u></b>	<b><u>2,445,179,665</u></b>
<b>Total liabilities and equity</b>		<b>5,749,523,937</b>	<b>5,502,253,326</b>	<b>2,853,654,132</b>	<b>2,741,352,063</b>

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

# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in Baht)			
<b>Revenue</b>					
Revenue from sale of goods	5, 19	2,600,712,064	2,977,460,839	1,714,384,707	1,724,275,117
Dividend income	5, 11	-	-	56,999,460	67,573,790
Investment income		27,442,054	33,216,171	11,163,673	13,613,467
Other income	5, 20	8,967,217	20,078,554	104,867,539	115,339,426
<b>Total revenue</b>		<b>2,637,121,335</b>	<b>3,030,755,564</b>	<b>1,887,415,379</b>	<b>1,920,801,800</b>
<b>Expenses</b>					
Cost of sale of goods	5, 22	1,712,746,764	2,150,913,022	1,191,772,647	1,271,281,424
Distribution costs	22	104,490,490	135,104,559	70,897,603	97,237,880
Administrative expenses	5, 22	352,890,399	359,266,742	288,890,326	282,538,799
Finance costs		2,184,829	-	1,830,299	-
<b>Total expenses</b>		<b>2,172,312,482</b>	<b>2,645,284,323</b>	<b>1,553,390,875</b>	<b>1,651,058,103</b>
<b>Profit before income tax expense</b>		<b>464,808,853</b>	<b>385,471,241</b>	<b>334,024,504</b>	<b>269,743,697</b>
Tax expense	23	(91,927,700)	(78,779,756)	(56,222,400)	(41,511,682)
<b>Profit for the year</b>		<b>372,881,153</b>	<b>306,691,485</b>	<b>277,802,104</b>	<b>228,232,015</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified</b>					
<b>to profit or loss</b>					
Gain on remeasurements of					
defined benefit plan	16	91,004	2,507,999	85,566	1,387,922
Income tax relating to items that will not be					
reclassified to profit or loss	23	(18,201)	(501,600)	(17,113)	(277,584)
<b>Other comprehensive income</b>					
<b>for the year, net of tax</b>		<b>72,803</b>	<b>2,006,399</b>	<b>68,453</b>	<b>1,110,338</b>
<b>Total comprehensive income for the year</b>		<b>372,953,956</b>	<b>308,697,884</b>	<b>277,870,557</b>	<b>229,342,353</b>

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

# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<b>Profit attributable to:</b>					
Owners of the Company		372,858,556	306,518,834	277,802,104	228,232,015
Non-controlling interests		<u>22,597</u>	<u>172,651</u>	<u>-</u>	<u>-</u>
<b>Profit for the year</b>		<u><b>372,881,153</b></u>	<u><b>306,691,485</b></u>	<u><b>277,802,104</b></u>	<u><b>228,232,015</b></u>
<b>Total comprehensive income</b>					
<b>attributable to:</b>					
Owners of the Company		372,939,188	308,510,369	277,870,557	229,342,353
Non-controlling interests		<u>14,768</u>	<u>187,515</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><b>372,953,956</b></u>	<u><b>308,697,884</b></u>	<u><b>277,870,557</b></u>	<u><b>229,342,353</b></u>
<b>Basic earnings per share</b>	24	<u><b>1.08</b></u>	<u><b>0.89</b></u>	<u><b>0.81</b></u>	<u><b>0.66</b></u>

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



**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

Consolidated financial statements							
Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Equity attributable to owners of the Company	Non-controlling interests	Total equity
			Legal reserve	Unappropriated			
			(in Baht)				
Year ended 31 December 2019							
	345,000,000	297,300,000	34,500,000	4,349,224,762	5,026,024,762	31,997,570	5,058,022,332
Balance at 1 January 2019							
Transactions with owners, recorded directly in equity							
Distributions to owners of the Company							
25	-	-	-	(241,500,000)	(241,500,000)	(26,210)	(241,526,210)
	-	-	-	(241,500,000)	(241,500,000)	(26,210)	(241,526,210)
Comprehensive income for the year							
	-	-	-	306,518,834	306,518,834	172,651	306,691,485
	-	-	-	1,991,535	1,991,535	14,864	2,006,399
	-	-	-	308,510,369	308,510,369	187,515	308,697,884
Balance at 31 December 2019							
	345,000,000	297,300,000	34,500,000	4,416,235,131	5,093,035,131	32,158,875	5,125,194,006

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

# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of changes in equity

		Consolidated financial statements				
Note	Year ended 31 December 2020	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Total equity
				Legal reserve	attributable to owners of the Company	
					Unappropriated (in Baht)	
	Balance at 1 January 2020	345,000,000	297,300,000	34,500,000	4,416,235,131	5,093,035,131
						32,158,875
						5,125,194,006
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
25	Dividends to owners of the Company	-	-	-	(241,500,000)	(241,500,540)
	Total distributions to owners of the Company	-	-	-	(241,500,000)	(241,500,540)
Comprehensive income for the year						
	Profit	-	-	-	372,858,556	22,597
	Other comprehensive income (loss)	-	-	-	80,632	(7,829)
	Total comprehensive income for the year	-	-	-	372,939,188	14,768
	Balance at 31 December 2020	345,000,000	297,300,000	34,500,000	4,547,674,319	5,224,474,319
						32,173,103
						5,256,647,422

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

# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of changes in equity

	Separate financial statements				
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Retained earnings	Total equity
<b>Year ended 31 December 2019</b>					
<b>Balance at 1 January 2019</b>	<b>345,000,000</b>	<b>297,300,000</b>	<b>34,500,000</b>	<b>1,780,537,312</b>	<b>2,457,337,312</b>
<b>Transactions with owners, recorded directly in equity</b>					
<i>Distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(241,500,000)	(241,500,000)
<b>Total distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(241,500,000)</b>	<b>(241,500,000)</b>
<b>Comprehensive income for the year</b>					
Profit	-	-	-	228,232,015	228,232,015
Other comprehensive income	-	-	-	1,110,338	1,110,338
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,342,353</b>	<b>229,342,353</b>
<b>Balance at 31 December 2019</b>	<b>345,000,000</b>	<b>297,300,000</b>	<b>34,500,000</b>	<b>1,768,379,665</b>	<b>2,445,179,665</b>

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



**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

	Separate financial statements				
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Retained earnings	Total equity
<b>Year ended 31 December 2020</b>					
<b>Balance at 1 January 2020</b>	<b>345,000,000</b>	<b>297,300,000</b>	<b>34,500,000</b>	<b>1,768,379,665</b>	<b>2,445,179,665</b>
<b>Transactions with owners, recorded directly in equity</b>					
<i>Distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(241,500,000)	(241,500,000)
<b>Total distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(241,500,000)</b>	<b>(241,500,000)</b>
<b>Comprehensive income for the year</b>					
Profit	-	-	-	277,802,104	277,802,104
Other comprehensive income	-	-	-	68,453	68,453
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277,870,557</b>	<b>277,870,557</b>
<b>Balance at 31 December 2020</b>	<b>345,000,000</b>	<b>297,300,000</b>	<b>34,500,000</b>	<b>1,804,750,222</b>	<b>2,481,550,222</b>

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

# Siam Pan Group 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)					
<b>Cash flows from operating activities</b>					
Profit for the year		372,881,153	306,691,485	277,802,104	228,232,015
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense	23	91,927,700	78,779,756	56,222,400	41,511,682
Finance costs		2,184,829	-	1,830,299	-
Depreciation	12, 13, 14	86,806,170	87,319,635	34,933,992	33,617,256
Impairment loss on assets	13	331,215	8,449,968	-	-
Non-current provisions for employee benefits	16	7,504,334	27,720,643	4,084,208	18,771,259
Unrealised loss on foreign exchange		935,663	1,904,205	-	-
(Gain) loss on forward exchange contracts		(290,709)	15,957	-	-
Loss on decline in value of inventories and other current assets		152,186	2,341,535	69,082	130,941
Gain on disposal of equipment	20	(1,216,001)	(2,940,376)	(985,978)	(1,843,914)
Dividend income	11	-	-	(56,999,460)	(67,573,790)
Interest income		(26,294,978)	(23,844,592)	(10,869,704)	(11,239,445)
		534,921,562	486,438,216	306,086,943	241,606,004
<b>Changes in operating assets and liabilities</b>					
Trade and note receivables		15,749,136	46,912,081	(1,830,664)	2,148,385
Other current receivables		1,659,319	(13,211,496)	(1,281,277)	(5,063,736)
Inventories		76,321,620	360,420,428	221,961	48,445,032
Other current assets		(204,922)	(258,780)	(588,365)	(107,153)
Other non-current assets		(117,000)	20,500	(117,000)	20,500
Trade payables		(28,731,646)	(51,137,233)	(17,622,557)	(18,523,340)
Other current payables		11,167,809	(16,969,943)	6,582,690	(5,637,072)
Current contract liabilities		51,461,142	38,110,593	18,178,920	32,600,403
Withholding tax payable		1,858,816	(149,721)	2,095,913	4,976
Provisions for employee benefits paid	16	(6,159,455)	-	(1,354,661)	-
Net cash generated from operating		657,926,381	850,174,645	310,371,903	295,493,999
Taxes paid		(94,626,182)	(93,605,740)	(60,067,769)	(44,378,908)
<b>Net cash from operating activities</b>		<b>563,300,199</b>	<b>756,568,905</b>	<b>250,304,134</b>	<b>251,115,091</b>

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

# Siam Pan Group Public Company Limited and its Subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
Note		2020	2019	2020	2019
		(in Baht)			
<b>Cash flows from investing activities</b>					
Proceeds from disposal of equipment		1,516,831	4,976,179	985,981	1,843,925
Acquisition of equipment		(26,777,579)	(30,717,546)	(11,756,739)	(8,942,924)
Increase in other current financial assets		(246,217,510)	(662,674,546)	(119,287,048)	(126,469,259)
(Increase) decrease in other non-current financial assets		(440,464)	(10,484,701)	2,807	(410,183)
Dividend received	11	-	-	56,999,460	67,573,790
Interest received		31,886,978	13,735,539	12,870,141	6,861,649
<b>Net cash used in investing activities</b>		<b>(240,031,744)</b>	<b>(685,165,075)</b>	<b>(60,185,398)</b>	<b>(59,543,002)</b>
<b>Cash flows from financing activities</b>					
Payment of lease liabilities		(4,926,000)	-	(4,126,000)	-
Dividends paid to owners of the Company	25	(241,500,000)	(241,500,000)	(241,500,000)	(241,500,000)
Dividends paid to non-controlling interests		(540)	(26,210)	-	-
<b>Net cash used in financing activities</b>		<b>(246,426,540)</b>	<b>(241,526,210)</b>	<b>(245,626,000)</b>	<b>(241,500,000)</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate changes					
		76,841,915	(170,122,380)	(55,507,264)	(49,927,911)
Effect of exchange rate changes on cash and cash equivalents					
		(764,450)	(1,774,225)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>76,077,465</b>	<b>(171,896,605)</b>	<b>(55,507,264)</b>	<b>(49,927,911)</b>
Cash and cash equivalents at 1 January		884,611,983	1,056,508,588	338,503,603	388,431,514
<b>Cash and cash equivalents at 31 December</b>	6	<b>960,689,448</b>	<b>884,611,983</b>	<b>282,996,339</b>	<b>338,503,603</b>
<b>Non-cash transaction</b>					
Payables for acquisition of equipment		-	172,781	-	-

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



**Siam Pan Group Public Company Limited and its Subsidiaries**  
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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 15 February 2021.

**1 General information**

Siam Pan Group Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in March 1997. The Company’s registered office at 488 Nakhonsawan Road, Mahanak Junction, Dusit District, Bangkok. Its warehouses are located at 60 Moo 3 Soi Jai-Ua, Krungtep-Pathum Thani Road, Tambon Bangkayang, Amphoe Muang, Pathumthani and at 101 Moo 2 Samkhok-Sena Road, Tambon Klong Kwai, Amphoe Samkhok, Pathumthani.

The Company’s major shareholders during the financial year were Mr. Muk Rotrakarn (32.8% shareholding), who is a Thai national, the estate of Mr. Lerd Jittivanich (13.7% shareholding) and the estate of Mrs. Chalam Rotrakarn (12.5% shareholding).

The principal activities of the Company and its subsidiaries, the “Group”, are the manufacturing and distributing of lubricating oil, grease and batteries. Details of the Company’s subsidiaries as at 31 December 2020 and 2019 are given in note 11.

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 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 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 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.

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**(c) Use of judgments and estimates**

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

**(i) Judgments**

Information about judgments 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) Leases:

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

4 (q) and 19 Revenue recognition:

- whether revenue from sales of products is recognised over time or at a point in time;

**(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; |
| 4 (q) and 19 | Revenue recognition: estimate of expected returns;                       |
| 16           | Measurement of defined benefit obligations: key actuarial assumptions    |

**3 Changes in accounting policies**

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

**(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

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(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 through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification 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.

<b>Consolidated financial statements</b>			
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
Short-term deposits at financial institutions	1,822,920	-	1,822,920
Other debt instruments held to maturity	10,485	-	10,485
Derivative assets	119	119	-
<b>Total</b>	<b>1,833,524</b>	<b>119</b>	<b>1,833,405</b>
Derivative liabilities	135	135	-
<b>Total</b>	<b>135</b>	<b>135</b>	<b>-</b>

  

<b>Separate financial statements</b>			
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
Short-term deposits at financial institutions	750,725	-	750,725
Other debt instruments held to maturity	410	-	410
<b>Total</b>	<b>751,135</b>	<b>-</b>	<b>751,135</b>

(2) Impairment - Financial assets

TFRS 9 introduces the '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 judgment about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost except for investments in equity instruments.



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(3) Derivatives

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

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. The Group documents the relationship between the hedging instruments and hedged items, including the risk management objective, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment of the effectiveness, both at inception of the hedge relationship and on an ongoing basis.

These hedging relationships are fair value hedges, cash flow hedges and net investment in a foreign operation hedge.

Previously, TFRS were silent on the requirements of derivatives held for risk management purposes. In 2019, the Group accounted for these transactions as described in accounting policies in note 4 (d.5).

(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 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 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.

The Company sub-leases some of its properties as disclosed in note 12. Previously, the head lease and sub-lease contracts were classified as operating leases and recognised lease income and payment in profit or loss on a straight-line basis over the term of the leases. Under TFRS 16, the right-of-use assets recognised from the head leases are presented in investment property and measured at cost method.

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

- 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.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>Impact from the adoption of TFRS 16</i>		
<i>At 1 January 2020</i>		
Increase in right-of-use assets	35,010	22,990
Increase in lease liabilities	35,010	22,990

*(in thousand Baht)*

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**Notes to the financial statements**  
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	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>Measurement of lease liabilities</i>		
	<i>(in thousand Baht)</i>	
Operating lease commitment as disclosed at 31 December 2019	46,600	30,600
Discounted using the incremental borrowing rate at 1 January 2020	35,010	22,990
<b>Lease liabilities recognised at 1 January 2020</b>	<b>35,010</b>	<b>22,990</b>
Incremental borrowing rate (% per annum)	<b>3.00</b>	<b>3.00</b>

Right-of-use assets and lease liabilities shown above were presented as part of lubricating oil and other segments.

#### **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”).

##### *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.

##### *Transactions eliminated on consolidation*

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

##### **(b) Investments in subsidiaries**

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

##### *Disposal of investments in the separate financial statements*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
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**(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 rate at the reporting date.

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

Foreign currency differences are generally recognised in profit or loss.

**(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; fair value through other comprehensive income (FVOCI); or fair value through 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.

# Siam Pan Group Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative 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 - assessment whether contractual cash flows are solely payments of principal and interest*

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

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

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

### *Financial assets - subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, 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.



**Siam Pan Group Public Company Limited and its Subsidiaries**  
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*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 gain and loss, 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 gain and loss 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.

*Financial liabilities*

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

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

*(d.4) Offsetting*

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

*(d.5) Derivatives*

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

*Accounting policies applicable before 1 January 2020*

*Investments in other debt and equity 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.

# **Siam Pan Group Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

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

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading 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 arising from operational activity. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

The fair value of forward exchange contracts is based on their listed market price at the reporting date.

### **(e) Cash and cash equivalents**

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

### **(f) Trade, note and other current receivables**

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

A receivable is 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.

# **Siam Pan Group Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

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

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

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

### **(h) *Investment properties***

Investment properties are properties include properties that are held as right-of-use assets, as well as properties that are owned by the Company. Investment properties are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less impairment losses.

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

### **(i) *Property, plant and equipment***

#### *Recognition and measurement*

##### *Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. 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 gain and loss on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

#### *Subsequent costs*

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

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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:

Buildings and other constructions	5 - 20	years
Machinery and equipment	5 - 20	years
Tools and equipment	5 - 10	years
Furniture, fixtures and office equipment	5 - 10	years
Vehicles	5	years

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

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

**(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.



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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 external financing source and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

*As a lessor*

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

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

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

The Group recognises finance lease receivables at the amount of the Group's net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease (See note 4 (k)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

*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.

# **Siam Pan Group Public Company Limited and its Subsidiaries**

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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, note receivables and other current receivables).

#### ***Measurement of ECLs***

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

ECLs are measured on either of the following bases:

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

Loss allowances for trade receivables 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 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.

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

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

# **Siam Pan Group Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2020**

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.

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 is 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 year in which the recovery occurs.

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

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

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

### *Calculation of recoverable amount*

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

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

### *Reversal of impairment*

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

### **(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.

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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.

*Calculation of recoverable amount*

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

*Reversal of impairment*

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

**(m) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

**(n) Employee benefits**

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, 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 year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

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*Short-term employee benefits*

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

**(o) Provisions**

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

*Warranties*

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

**(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 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 or other sales taxes and is after deduction of any trade discounts and volume rebates.

*Sale of goods*

Revenue from sale 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) Dividend income**

Dividend income is recognised in profit or loss on the date 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.

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

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

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

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

**(t) *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 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 differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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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.

**(u) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding.

**(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 Managing Director and Executive Director (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 corporate assets (primarily the Company's headquarters) and tax assets and liabilities.

**5 Related parties**

Relationships with subsidiaries are described in note 11. Other related parties that the Group had significant transactions with during the year were as follows:

<b>Name of personnel/entity</b>	<b>Nationality/ country of incorporation</b>	<b>Nature of relationships</b>
Mr. Muk Rotrakarn	Thailand	A major shareholder, 32.8% shareholding and the Chairman of the Company
Rojpaisan Ltd. Partnership	Thailand	Having some common directors

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

<b>Transactions</b>	<b>Pricing policies</b>
Revenue from sale of goods	Cost plus 5%
Purchase of goods	Cost plus 5%
Dividend income	Based on dividend declaration
Management service fee income	Contractual price
Marketing management service fee income	Contractual price
Land rental income	Market price according to the location
Land rental expense	Market price according to the location

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

<b>Year ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Revenue from sale of goods	-	-	3,530	3,549
Purchase of goods	-	-	1,181,690	1,215,026
Dividend income	-	-	56,999	67,574
Management service fee income	-	-	14,124	13,884
Marketing management service fee income	-	-	81,150	93,344
Land rental income	-	-	2,596	-
<b>Other related parties</b>				
Land rental expense - building and warehouse	-	2,832	-	-
Land rental expense - factory and warehouse	-	1,868	-	1,530
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	168,799	162,616	155,939	149,882
Post-employment benefit	3,333	17,947	3,333	17,947
Total key management personnel compensation	<u>172,132</u>	<u>180,563</u>	<u>159,272</u>	<u>167,829</u>

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

<b>Trade receivables</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Premier Lubricant Co., Ltd.	-	-	763	713
Siam Lubricant Industry Co., Ltd.	-	-	492	972
Siam Battery Industry Co., Ltd.	-	-	274	188
<b>Total</b>	<u>-</u>	<u>-</u>	<u>1,529</u>	<u>1,873</u>

# Siam Pan Group Public Company Limited and its Subsidiaries

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<i>Other current receivables</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Premier Lubricant Co., Ltd.	-	-	10,656	10,858
Siam Battery Industry Co., Ltd.	-	-	1,053	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,709</b>	<b>10,858</b>

<i>Trade payables</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Premier Lubricant Co., Ltd.	-	-	40,074	56,064
Siam Lubricant Industry Co., Ltd.	-	-	30,582	42,777
Siam Battery Industry Co., Ltd.	-	-	19,809	9,380
<b>Total</b>	<b>-</b>	<b>-</b>	<b>90,465</b>	<b>108,221</b>

<i>Lease liabilities</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>	<b>74,823</b>	<b>-</b>	<b>63,247</b>	<b>-</b>

### *Significant agreements with related parties*

#### *Lease agreement between the Company and major shareholder*

On 1 December 2019, Siam Pan Group Public Company Limited has entered into a land lease agreement with Mr. Muk Rotrakarn, the Company's chairman and major shareholder with 1-year period, effective from 1 February 2020 to 31 January 2021. The Company pays monthly rental fee at Baht 236,000. When the lease term expires, lessor and lessee can extend this agreement for another 1 year. Subsequently, Siam Pan Group Public Company Limited has entered into a sublease agreement with Siam Battery Industry Co., Ltd. under the same rental fee and conditions. The Company classifies such land as an investment property.

#### *Lease agreement between the Company and subsidiary with related party*

The Company and subsidiary have entered into a land lease agreement with Rojpaisan Ltd. Partnership, a related party, to use as a factory and warehouse location, under the agreement dated 8 December 1997.

On 1 January 2020, the agreement was renewed to extend 2-years period ended 31 December 2021 for Premier Lubricant Co., Ltd. and renewed to extend 1-year period ended 31 December 2020 for Siam Pan Group Public Company Limited. When the lease term expires, if there is no party terminate the agreement both lessor and lessee agree to renew this agreement for another 1 year with the same condition of original agreement in all respects. The rental fee rate is as follows:

	<b>Annual rental fee</b>
	<b><i>(in thousand Baht)</i></b>
Siam Pan Group Public Company Limited	1,530
Premier Lubricant Co., Ltd.	800

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*Lease agreement between subsidiary and subsidiary*

Premier Lubricant Co., Ltd. has entered into a land lease agreement with Siam Lubricant Industry Co., Ltd. to use as a factory location under the agreement dated 19 February 2020. The conditions are as follows:

- The lease agreement has a 3-years period starting from 1 March 2020 to 28 February 2023. The monthly rental fee is Baht 60,000, which may fluctuate according to market conditions;
- The lease term can be extended at the end of each 3-years term, with additional rental fee not exceeding 20% of the existing rental fee.

*Service agreement between the Company and subsidiary*

The Company has entered into a service agreement with Premier Lubricant Co., Ltd. for marketing management service under the agreement dated 1 July 2016. The conditions are as follows:

- The service agreement has a 2-years period starting from 1 July 2016 to 30 June 2018. The monthly service fee calculated in accordance with the conditions stipulated in the agreement;
- The agreement can be extended for each 1-year period unless terminated by either party or change in conditions.

The Company has entered into a service agreement with Premier Lubricant Co., Ltd., Siam Lubricant Industry Co., Ltd. and Siam Battery Industry Co., Ltd. for management service under the agreement dated 1 February 2017. The conditions are as follows:

- The service agreement has a 2-years period starting from 1 January 2017 to 31 December 2018. The monthly service fee calculated in accordance with the conditions stipulated in the agreement;
- The agreement can be extended for each 1-year period unless terminated by either party or change in conditions.

**6 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash on hand	405	331	149	171
Cash at banks - current accounts	14,364	11,091	14,009	11,465
Cash at banks - savings accounts	945,920	873,190	268,838	326,868
<b>Total</b>	<b>960,689</b>	<b>884,612</b>	<b>282,996</b>	<b>338,504</b>



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**7 Other financial assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Other current financial assets</i></b>				
Short-term deposits at financial institutions	2,069,138	1,822,920	870,012	750,725
<b><i>Other non-current financial assets</i></b>				
Government bonds	10,925	10,485	407	410
<b>Total</b>	<b><u>2,080,063</u></b>	<b><u>1,833,405</u></b>	<b><u>870,419</u></b>	<b><u>751,135</u></b>

As at 31 December 2020, the Group and the Company invested in government bonds of Baht 10.9 million and Baht 0.4 million, respectively (2019: Baht 10.5 million and Baht 0.4 million, respectively), bearing interest rates ranging from 2.15% to 4.75% per annum (2019: 1.85% to 4.75% per annum) and maturing in 2021 to 2027.

**8 Other current receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Accrued marketing management service fee income	-	-	10,656	10,858
Advance payment	15,351	11,790	-	-
Accrued interest income	10,376	15,968	4,682	6,682
Prepaid expenses	9,048	13,228	2,075	1,868
Refundable value added tax	6,141	7,168	-	-
Others	1,635	1,358	1,867	592
<b>Total</b>	<b><u>42,551</u></b>	<b><u>49,512</u></b>	<b><u>19,280</u></b>	<b><u>20,000</u></b>

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**9 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	135,203	114,922	81,404	81,647
Work in progress	141,331	130,490	-	-
Raw materials	624,377	709,261	-	-
Packaging	23,021	19,792	48	27
Goods in transit	995	26,784	-	-
	<u>924,927</u>	<u>1,001,249</u>	<u>81,452</u>	<u>81,674</u>
Less allowance for decline in value of inventories	<u>(3,984)</u>	<u>(4,253)</u>	<u>(193)</u>	<u>(126)</u>
<b>Net</b>	<b><u>920,943</u></b>	<b><u>996,996</u></b>	<b><u>81,259</u></b>	<b><u>81,548</u></b>
Inventories recognised in 'cost of sale of goods'				
- Cost	1,713,016	2,149,396	1,191,706	1,271,155
- (Reversal) write-down to net realisable value	<u>(269)</u>	<u>1,517</u>	<u>67</u>	<u>126</u>
<b>Net</b>	<b><u>1,712,747</u></b>	<b><u>2,150,913</u></b>	<b><u>1,191,773</u></b>	<b><u>1,271,281</u></b>

**10 Other current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Spare parts for maintenance and supplied used	20,726	20,521	2,455	1,866
Less allowance for decline in value of other current assets	<u>(5,766)</u>	<u>(5,345)</u>	<u>(247)</u>	<u>(245)</u>
<b>Net</b>	<b><u>14,960</u></b>	<b><u>15,176</u></b>	<b><u>2,208</u></b>	<b><u>1,621</u></b>

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11 Investments in subsidiaries**

Separate financial statements							
Type of business	Ownership interest		Paid-up capital		Cost		Dividend income for the year
	2020	2019	2020	2019	2020	2019	
	(in thousand Baht)						
Premier Lubricant Co., Ltd.	99.99	99.99	70,000	70,000	70,000	41,999	42,000
Siam Lubricant Industry Co., Ltd.	99.99	99.99	50,000	50,000	50,000	15,000	25,000
Siam Battery Industry Co., Ltd.	95.74	95.74	60,000	60,000	58,253	-	574
<b>Total</b>					<b>178,253</b>	<b>178,253</b>	<b>67,574</b>

All subsidiaries were incorporated and operate in Thailand.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**12 Investment properties**

The fair value of investment properties as at 31 December 2020 of Baht 802.4 million (2019: Baht 901.2 million) was determined by an independent professional valuer, at open market values on an existing use basis. The fair value of investment properties has been categorised as a Level 3 fair value.

Investment properties consist of land not use in an operation and right-of-use assets.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 31 December 2019	3,311	3,311
Recognition of right-of-use assets on initial application of TFRS16	-	40,603
At 31 December 2020	<b>3,311</b>	<b>43,914</b>

	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>
<i>At 31 December 2020</i>	
<i>Lease liabilities</i>	
<i>Maturity analysis - contractual undiscounted cash flows</i>	
Less than 1 year	2,832
1 - 5 years	11,328
Over 5 years	39,884
<b>Total undiscounted lease liabilities</b>	<b>54,044</b>
<b>Lease liabilities in the statement of financial position</b>	<b>41,109</b>

	<b>Separate financial statements</b>	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Amounts recognised in profit or loss</i>		
Rental income	2,596	-
Depreciation of right-of-use assets	1,950	-
Interest on lease liabilities	1,152	-

In 2020, total cash outflow for leases of the Company were Baht 2.6 million.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13 Property, plant and equipment**

	Consolidated financial statements (in thousand Baht)						
	Land	Buildings and other constructions	Machinery and equipment	Tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation
							Total
<i>Cost</i>							
At 1 January 2019	1,105,417	671,881	1,378,795	180,513	55,269	83,408	3,513,297
Additions	-	-	3,043	6,945	1,005	6,006	30,541
Transfers	-	-	7,535	965	93	-	-
Disposals	-	-	(8,310)	(57)	(41)	(8,633)	(26,597)
At 31 December 2019							
and 1 January 2020	1,105,417	671,881	1,381,063	188,366	56,326	80,781	3,517,241
Additions	-	-	2,519	9,846	1,160	8,499	26,605
Transfers	-	4,587	7,155	2,063	-	-	-
Disposals	-	-	(1,597)	(3,301)	(97)	(3,209)	(8,204)
At 31 December 2020	1,105,417	676,468	1,389,140	196,974	57,389	86,071	3,535,642
<i>Accumulated depreciation and impairment losses</i>							
At 1 January 2019	-	355,766	1,185,626	147,197	51,593	50,584	1,809,467
Depreciation charge for the year	-	26,772	35,834	9,640	1,863	13,211	87,320
Impairment losses	-	-	-	-	-	-	8,450
Reversal of impairment losses	-	-	-	-	-	-	(9,556)
Disposals	-	-	(6,277)	(55)	(41)	(8,632)	(15,005)
At 31 December 2019							
and 1 January 2020	-	382,538	1,215,183	156,782	53,415	55,163	1,880,676
Depreciation charge for the year	-	25,980	34,109	9,852	1,669	11,495	83,105
Impairment losses	-	-	-	-	-	-	331
Disposals	-	-	(1,597)	(3,000)	(97)	(3,209)	(7,903)
At 31 December 2020	-	408,518	1,247,695	163,634	54,987	63,449	1,956,209
<i>Net book value</i>							
At 31 December 2019	1,105,417	289,343	165,880	31,584	2,911	25,618	1,636,565
At 31 December 2020	1,105,417	267,950	141,445	33,340	2,402	22,622	1,579,433

**Siam Pan Group Public Company Limited and its Subsidiaries**

## Notes to the financial statements

**For the year ended 31 December 2020**

	Separate financial statements						
	Land	Buildings and other constructions	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2019	1,103,692	360,164	54,437	40,087	77,390	2,251	1,638,021
Additions	-	-	300	711	4,478	3,454	8,943
Transfers	-	-	-	93	-	(93)	-
Disposals	-	-	-	-	(5,642)	-	(5,642)
<b>At 31 December 2019</b>							
At 1 January 2020	1,103,692	360,164	54,737	40,891	76,226	5,612	1,641,322
Additions	-	-	2,048	876	8,498	335	11,757
Transfers	-	4,587	1,360	-	-	(5,947)	-
Disposals	-	-	(2,691)	-	(3,209)	-	(5,900)
<b>At 31 December 2020</b>							
	1,103,692	364,751	55,454	41,767	81,515	-	1,647,179
<b>Accumulated depreciation</b>							
At 1 January 2019	-	157,778	42,755	36,917	44,989	-	282,439
Depreciation charge for the year	-	16,419	2,982	1,644	12,572	-	33,617
Disposals	-	-	-	-	(5,642)	-	(5,642)
<b>At 31 December 2019</b>							
At 1 January 2020	-	174,197	45,737	38,561	51,919	-	310,414
Depreciation charge for the year	-	16,423	2,831	1,439	11,141	-	31,834
Disposals	-	-	(2,691)	-	(3,209)	-	(5,900)
<b>At 31 December 2020</b>							
	-	190,620	45,877	40,000	59,851	-	336,348
<b>Net book value</b>							
At 31 December 2019	1,103,692	185,967	9,000	2,330	24,307	5,612	1,330,908
At 31 December 2020	1,103,692	174,131	9,577	1,767	21,664	-	1,310,831



**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Depreciation	83,105	87,320	31,834	33,617
Gross amount of assets which are fully depreciated but still in use	1,571,822	1,535,599	141,988	117,963

*Guarantee*

As at 31 December 2020, the Group's land and other constructions at cost of Baht 159.9 million (2019: Baht 200.2 million) have been mortgaged as collateral for credit facilities from financial institutions and jointly guaranteed by subsidiaries.

*Land*

As at 31 December 2020, the Company's land at cost of Baht 1,098.7 million (2019: Baht 1,098.7 million) is in the progress of an utilisation plan. The Company has intention to construct a new factory and warehouse on this land.

*Buildings and other constructions*

As at 31 December 2020, a part of building and construction of a subsidiary at cost of Baht 69.9 million (2019: Baht 69.9 million) is located on land leased of another subsidiary.

As at 31 December 2020, building and other construction, and assets under construction of the Company and subsidiary at cost of Baht 395.6 million (2019: Baht 405.2 million) are located on land leased of a related party.

As at 31 December 2020, the Group recognised the allowance for impairment of subsidiaries' plant in the amount of Baht 17.9 million (2019: Baht 17.6 million) since the management assessed that there was no value in use of the construction in progress and the construction in progress stopped for a certain period.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**14 Leases**

*As a lessee*

	<b>Consolidated financial statements (in thousand Baht)</b>	<b>Separate financial statements</b>
<b>At 31 December 2020</b>		
<b>Right-of-use assets</b>		
Land	73,863	21,840
<b>Total</b>	<b>73,863</b>	<b>21,840</b>

In 2020, additions to the right-of-use assets of the Group was Baht 42.6 million.

The Group leases a number of lands, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

*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 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.

	<b>Consolidated financial statements (in thousand Baht)</b>	<b>Separate financial statements</b>
<b>At 31 December 2020</b>		
<b>Lease liabilities</b>		
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than 1 year	5,162	1,530
1 - 5 years	20,648	6,120
Over 5 years	72,504	21,420
<b>Total undiscounted lease liabilities</b>	<b>98,314</b>	<b>29,070</b>
<b>Lease liabilities in the statement of financial position</b>	<b>74,823</b>	<b>22,138</b>

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<b>Year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>
	<i>(in thousand Baht)</i>	
<b>Amounts recognised in profit or loss</b>		
Depreciation of right-of-use assets	3,701	1,150
Interest on lease liabilities	2,185	678
Lease expense	-	1,530

In 2020, total cash outflow for leases of the Group and the Company were Baht 4.9 million and Baht 1.5 million, respectively.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**15 Other current payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Value added tax and excise tax payables	10,806	9,029	8,361	6,433
Accrued operating expenses	7,979	8,264	6,012	5,052
Accrued bonus	5,125	-	3,296	-
Others	33,284	28,906	13,789	13,390
<b>Total</b>	<b>57,194</b>	<b>46,199</b>	<b>31,458</b>	<b>24,875</b>

**16 Non-current provisions for employee benefits**

***Defined benefit plan***

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

***Present value of the defined benefit obligations***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	90,546	65,333	65,908	48,524
<b>Included in profit or loss:</b>				
Current service cost	7,384	8,319	4,033	4,460
Past service cost	-	19,161	-	14,185
Interest on obligation	120	241	52	127
	<b>7,504</b>	<b>27,721</b>	<b>4,085</b>	<b>18,772</b>
<b>Included in other comprehensive income:</b>				
Actuarial (gain) loss				
- Demographic assumptions	(1,123)	17	(570)	(313)
- Financial assumptions	376	78	90	11
- Experience adjustment	656	(2,603)	394	(1,086)
	<b>(91)</b>	<b>(2,508)</b>	<b>(86)</b>	<b>(1,388)</b>
Benefit paid	(6,159)	-	(1,355)	-
	<b>(6,159)</b>	<b>-</b>	<b>(1,355)</b>	<b>-</b>
<b>At 31 December</b>	<b>91,800</b>	<b>90,546</b>	<b>68,552</b>	<b>65,908</b>

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

***Principal actuarial assumptions***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
		(%)		
Discount rate	1.28 - 1.84	2.84 - 3.23	1.28	2.84
Future salary growth	3.14 - 5.01	3.89 - 5.84	3.37	4.28

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

At 31 December 2020, the weighted-average duration of the defined benefit obligation of the Group and the Company were 10 - 22 years and 10 years, respectively (2019: 13 - 22 years and 13 years, respectively).

***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.

	<b>Consolidated financial statements</b>			
<b><i>Effect to the defined benefit obligation At 31 December</i></b>	1% increase in assumption		1% decrease in assumption	
	2020	2019	2020	2019
		(in thousand Baht)		
Discount rate	(261)	(731)	268	805
Future salary growth	1,285	1,665	(1,274)	(1,592)

	<b>Separate financial statements</b>			
<b><i>Effect to the defined benefit obligation At 31 December</i></b>	1% increase in assumption		1% decrease in assumption	
	2020	2019	2020	2019
		(in thousand Baht)		
Discount rate	(58)	(183)	60	199
Future salary growth	737	830	(735)	(815)

**17 Share premium on ordinary shares**

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.

**18 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.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**19 Segment information and disaggregation of revenue**

Management determined that the Group has three reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1      Lubricating oil
- Segment 2      Grease
- Segment 3      Batteries

Other segments include plastic beads and scrap. None of these segments meets the quantitative thresholds for determining reportable segments in 2020 or 2019.

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.

# Siam Pan Group Public Company Limited and its Subsidiaries

## Notes to the financial statements

**For the year ended 31 December 2020**

Year ended 31 December	Consolidated financial statements											
	Segment Lubricating oil	Segment Grease		Segment Batteries		Total reportable segments		Other segments		Total		
		2020	2019	2020	2019	2020	2019	2020	2019			
(in thousand Baht)												
Information about reportable segments												
Revenue from sale of goods	1,315,889	1,479,847	914,540	952,282	356,798	514,943	2,587,227	2,947,072	13,485	30,389	2,600,712	2,977,461
Other income	17,162	20,076	11,823	14,228	7,424	18,991	36,409	53,295	-	-	36,409	53,295
Total revenue	<u>1,333,051</u>	<u>1,499,923</u>	<u>926,363</u>	<u>966,510</u>	<u>364,222</u>	<u>533,934</u>	<u>2,623,636</u>	<u>3,000,367</u>	<u>13,485</u>	<u>30,389</u>	<u>2,637,121</u>	<u>3,030,756</u>
Timing of revenue recognition												
At a point in time	1,333,051	1,499,923	926,363	966,510	364,222	533,934	2,623,636	3,000,367	13,485	30,389	2,637,121	3,030,756
Total revenue	<u>1,333,051</u>	<u>1,499,923</u>	<u>926,363</u>	<u>966,510</u>	<u>364,222</u>	<u>533,934</u>	<u>2,623,636</u>	<u>3,000,367</u>	<u>13,485</u>	<u>30,389</u>	<u>2,637,121</u>	<u>3,030,756</u>
Segment profit (loss)												
before income tax	236,087	178,333	230,890	200,644	(2,360)	6,066	464,617	385,043	192	428	464,809	385,471
Interest income	13,056	11,834	8,142	7,375	5,097	4,636	26,295	23,845	-	-	26,295	23,845
Depreciation	(44,269)	(46,196)	(26,744)	(24,945)	(15,793)	(16,179)	(86,806)	(87,320)	-	-	(86,806)	(87,320)
Tax expense	(54,619)	(44,366)	(33,048)	(30,762)	(4,261)	(3,652)	(91,928)	(78,780)	-	-	(91,928)	(78,780)

Total revenue of the Group was external revenue.



**Siam Pan Group Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Consolidated financial statements						
	Segment	Total reportable segments				Total
	Lubricating oil	Segment Grease	Segment Batteries	Other segments		
	2020	2019	2020	2019	2020	2019
(in thousand Baht)						
Capital expenditure	1,970	3,791	12,431	16,091	447	1,716
Unallocated amounts						
Total capital expenditure						
Segment assets	1,675,244	1,577,912	676,518	638,391	811,265	813,241
Unallocated amounts						
Total assets						
Segment liabilities	102,256	70,634	46,686	56,801	62,296	61,673
Unallocated amounts						
Total liabilities						

**Siam Pan Group Public Company Limited and its Subsidiaries**  
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***Geographical segments***

The Group is managed, operates manufacturing facilities and sales offices only in Thailand. Portions of product are exported to external customers in foreign countries. There are no assets located in foreign countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

***Geographical information***

	<b>Revenue</b>	
	2020	2019
	<i>(in thousand Baht)</i>	
Thailand	1,553,461	1,596,392
Myanmar	716,989	861,259
Other countries	366,671	573,105
<b>Total</b>	<b><u>2,637,121</u></b>	<b><u>3,030,756</u></b>

***Major customer***

Revenue from one customer of the Group's segment 1 represents approximately Baht 616.3 million (2019: Baht 771.3 million) of the Group's total revenue.

**20 Other income**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Marketing management service fee income from subsidiary	5	-	-	81,150	93,344
Management service fee income from subsidiaries	5	-	-	14,124	13,884
Land rental income	5	-	-	2,596	-
Freight charges		780	1,090	-	-
Gain on disposal of equipment		1,216	2,940	986	1,844
Net gain on exchange rate		291	9,349	-	-
Others		6,680	6,700	6,012	6,267
<b>Total</b>		<b><u>8,967</u></b>	<b><u>20,079</u></b>	<b><u>104,868</u></b>	<b><u>115,339</u></b>

**21 Employee benefit expenses**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Salaries and wages		396,371	385,824	225,748	211,918
Commission and sales compensation		13,904	14,540	13,904	14,540
Defined benefit plan	16	7,504	27,721	4,085	18,772
Others		36,744	30,098	10,070	6,232
<b>Total</b>		<b><u>454,523</u></b>	<b><u>458,183</u></b>	<b><u>253,807</u></b>	<b><u>251,462</u></b>

# Siam Pan Group Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

### 22 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
<b><i>Included in cost of sale of goods:</i></b>				
Changes in inventories of finished goods and work in progress	(31,122)	109,725	243	48,445
Purchase of goods available for sales	-	-	1,191,530	1,222,836
Raw materials and consumables used	1,462,235	1,730,070	-	-
Employee benefit expenses	135,612	145,528	-	-
Depreciation	50,437	52,595	-	-
Others	95,585	112,995	-	-
<b>Total</b>	<b>1,712,747</b>	<b>2,150,913</b>	<b>1,191,773</b>	<b>1,271,281</b>
<b><i>Included in distribution costs:</i></b>				
Marketing expenses	56,886	85,705	33,890	60,358
Employee benefit expenses	29,180	28,969	29,180	28,969
Distribution expenses	14,192	16,719	4,470	4,199
Others	4,232	3,712	3,358	3,712
<b>Total</b>	<b>104,490</b>	<b>135,105</b>	<b>70,898</b>	<b>97,238</b>
<b><i>Included in administrative expenses:</i></b>				
Employee benefit expenses	289,731	283,686	224,627	222,493
Depreciation	36,369	34,725	34,934	33,617
Transportation expenses	3,290	3,537	2,577	2,676
Others	23,500	37,319	26,752	23,753
<b>Total</b>	<b>352,890</b>	<b>359,267</b>	<b>288,890</b>	<b>282,539</b>

### 23 Income tax

#### *Income tax recognised in profit or loss*

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
<b>Current tax expense</b>				
Current year	99,400	91,157	60,872	51,406
Over provided in prior years	(1)	(3)	-	(3)
	<b>99,399</b>	<b>91,154</b>	<b>60,872</b>	<b>51,403</b>
<b>Deferred tax expense</b>				
Movements in temporary differences	(7,471)	(12,374)	(4,650)	(9,891)
	<b>(7,471)</b>	<b>(12,374)</b>	<b>(4,650)</b>	<b>(9,891)</b>
<b>Total</b>	<b>91,928</b>	<b>78,780</b>	<b>56,222</b>	<b>41,512</b>

**Siam Pan Group Public Company Limited and its Subsidiaries**  
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***Income tax recognised in other comprehensive income***

	<b>Consolidated financial statements</b>					
	Before tax	2020 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2019 Tax expense	Net of tax
Defined benefit plan actuarial gain	<u>91</u>	<u>(18)</u>	<u>73</u>	<u>2,508</u>	<u>(502)</u>	<u>2,006</u>

	<b>Separate financial statements</b>					
	Before tax	2020 Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	2019 Tax expense	Net of tax
Defined benefit plan actuarial gain	<u>86</u>	<u>(17)</u>	<u>69</u>	<u>1,388</u>	<u>(278)</u>	<u>1,110</u>

***Reconciliation of effective tax rate***

	<b>Consolidated financial statements</b>			
	2020		2019	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>464,809</u>		<u>385,471</u>
Income tax using the Thai corporation tax rate	20.0	92,962	20.0	77,094
Expenses not deductible for tax purposes		1,287		3,422
Additional deductible expenses for tax purposes		(2,320)		(1,733)
Over provided in prior years		(1)		(3)
<b>Total</b>	<b>19.8</b>	<b>91,928</b>	<b>20.4</b>	<b>78,780</b>

	<b>Separate financial statements</b>			
	2020		2019	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>334,025</u>		<u>269,744</u>
Income tax using the Thai corporation tax rate	20.0	66,805	20.0	53,949
Expenses not deductible for tax purposes		1,282		1,509
Dividend income not subject to tax		(11,400)		(13,515)
Additional deductible expenses for tax purposes		(465)		(428)
Over provided in prior years		-		(3)
<b>Total</b>	<b>16.8</b>	<b>56,222</b>	<b>15.4</b>	<b>41,512</b>

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<i>Deferred tax</i> <i>At 31 December</i>	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Total	41,977	36,565	(5,537)	(7,578)
Set off of tax	(3,828)	(5,240)	3,828	5,240
<b>Net deferred tax assets (liabilities)</b>	<b>38,149</b>	<b>31,325</b>	<b>(1,709)</b>	<b>(2,338)</b>

<i>Deferred tax</i> <i>At 31 December</i>	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Total	28,940	24,368	-	(61)
Set off of tax	-	(61)	-	61
<b>Net deferred tax assets</b>	<b>28,940</b>	<b>24,307</b>	<b>-</b>	<b>-</b>

Movements in deferred tax were as follows:

	Consolidated financial statements			
	(Charged) / credited to:			
	At	Profit or	Other	At
	1 January	loss	comprehensive	31 December
			income	
		(in thousand Baht)		
2020				
Deferred tax assets				
Inventories and other current assets	3,797	1,038	-	4,835
Assets under construction and installation	3,519	66	-	3,585
Right-of-use assets	-	192	-	192
Non-current provisions for employee benefits	18,109	269	(18)	18,360
Others	11,140	3,865	-	15,005
Total	36,565	5,430	(18)	41,977
Deferred tax liabilities				
Equipment	(7,554)	2,075	-	(5,479)
Other assets	(24)	(34)	-	(58)
Total	(7,578)	2,041	-	(5,537)
Net	28,987	7,471	(18)	36,440

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	Consolidated financial statements (Charged) / credited to:			
	At 1 January	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December
<b>2019</b>				
<b>Deferred tax assets</b>				
Inventories and other current assets	4,748	(951)	-	3,797
Assets under construction and installation	3,740	(221)	-	3,519
Non-current provisions for employee benefits	13,067	5,544	(502)	18,109
Others	5,214	5,926	-	11,140
<b>Total</b>	<b>26,769</b>	<b>10,298</b>	<b>(502)</b>	<b>36,565</b>
<b>Deferred tax liabilities</b>				
Equipment	(9,629)	2,075	-	(7,554)
Other assets	(25)	1	-	(24)
<b>Total</b>	<b>(9,654)</b>	<b>2,076</b>	<b>-</b>	<b>(7,578)</b>
<b>Net</b>	<b>17,115</b>	<b>12,374</b>	<b>(502)</b>	<b>28,987</b>
	Separate financial statements (Charged) / credited to:			
	At 1 January	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December
<b>2020</b>				
<b>Deferred tax assets</b>				
Inventories and other current assets	74	14	-	88
Right-of-use assets	-	161	-	161
Non-current provisions for employee benefits	13,182	545	(17)	13,710
Others	11,112	3,869	-	14,981
<b>Total</b>	<b>24,368</b>	<b>4,589</b>	<b>(17)</b>	<b>28,940</b>
<b>Deferred tax liabilities</b>				
Equipment	(61)	61	-	-
<b>Total</b>	<b>(61)</b>	<b>61</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>24,307</b>	<b>4,650</b>	<b>(17)</b>	<b>28,940</b>

# Siam Pan Group Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	At 1 January	Separate financial statements (Charged) / credited to:		At 31 December
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b>2019</b>				
<b>Deferred tax assets</b>				
Inventories and other current assets	48	26	-	74
Non-current provisions for employee benefits	9,705	3,755	(278)	13,182
Others	5,064	6,048	-	11,112
<b>Total</b>	<b>14,817</b>	<b>9,829</b>	<b>(278)</b>	<b>24,368</b>
<b>Deferred tax liabilities</b>				
Equipment	(123)	62	-	(61)
<b>Total</b>	<b>(123)</b>	<b>62</b>	<b>-</b>	<b>(61)</b>
<b>Net</b>	<b>14,694</b>	<b>9,891</b>	<b>(278)</b>	<b>24,307</b>

## 24 Basic earnings per share

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht / thousand shares)			
Profit attributable to ordinary shareholders of the Company (basic)	372,859	306,519	277,802	228,232
Number of ordinary shares outstanding	345,000	345,000	345,000	345,000
<b>Basic earnings per share (in Baht)</b>	<b>1.08</b>	<b>0.89</b>	<b>0.81</b>	<b>0.66</b>

## 25 Dividends

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

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<b>2020</b>				
Interim dividend	2 April 2020	April 2020	<b>0.70</b>	<b>241,500</b>
<b>2019</b>				
Annual dividend	22 April 2019	May 2019	<b>0.70</b>	<b>241,500</b>



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**26 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.

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
	Financial instruments measured at		Financial instruments measured at	
	FVTPL	Level 2	FVTPL	Level 2
	(in thousand Baht)			
At 31 December 2020				
Financial assets				
Derivative assets	291	291	-	-

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
	(in thousand Baht)			
<i>At 31 December 2019</i>				
<i>Financial assets and financial liabilities measured at fair value</i>				
Forward exchange contracts assets	119	119	-	-
Forward exchange contracts liabilities	(135)	(135)	-	-

**Financial instruments measured at fair value**

<b>Type</b>	<b>Valuation technique</b>
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.
Investments in government bonds guaranteed by the government, classified as financial assets measured at amortised cost <i>(2019: held-to-maturity investments)</i>	Thai Bond Market Association Government Bond Yield Curve as of the reporting date.

**Siam Pan Group Public Company Limited and its Subsidiaries**  
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**(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. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**(b.1) Credit risk**

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

**(b.1.1) Trade receivables**

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

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 terms and conditions are offered. Sale limits are established for each customer. Any sales exceeding those limits require approval from the risk management committee.

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

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

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	<b>Consolidated financial statements</b>	
	Trade and note receivables	Allowance for expected credit loss
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
Within credit terms	35,322	-
Overdue:		
1 - 30 days	7	-
31 - 60 days	71	-
<b>Total</b>	<b>35,400</b>	<b>-</b>
Less allowance for expected credit loss	-	
<b>Net</b>	<b>35,400</b>	

	<b>Separate financial statements</b>	
	Trade and note receivables	Allowance for expected credit loss
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
Within credit terms	13,575	-
Less allowance for expected credit loss	-	
<b>Net</b>	<b>13,575</b>	

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.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>Trade and note receivables</i>	<i>(in thousand Baht)</i>	
<i>At 31 December 2019</i>		
Within credit terms	51,224	11,727
Overdue:		
Less than 3 months	65	-
3 - 6 months	11	11
6 - 12 months	7	7
<b>Total</b>	<b>51,307</b>	<b>11,745</b>

The normal credit term granted by the Group ranges from 30 days to 90 days.

**(b.1.2) Investment in debt instruments**

The Group limits its exposure to credit risk by investing only in liquid debt instruments and only with counterparties that no credit risk.

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(b.1.3) 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 for which the Group considers to have low credit risk.

(b.1.4) Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities.

**(b.2) Liquidity risk**

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

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

Consolidated financial statements						
At 31 December 2020	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
			(in thousand Baht)			
Financial liabilities						
Trade payables	82,394	82,394	-	-	-	82,394
Other current payables	57,194	57,194	-	-	-	57,194
Current contract liabilities	100,919	100,919	-	-	-	100,919
Lease liabilities	74,823	5,162	5,162	15,486	72,504	98,314
	315,330	245,669	5,162	15,486	72,504	338,821
Separate financial statements						
At 31 December 2020	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
			(in thousand Baht)			
Financial liabilities						
Trade payables	90,669	90,669	-	-	-	90,669
Other current payables	31,458	31,458	-	-	-	31,458
Current contract liabilities	55,258	55,258	-	-	-	55,258
Lease liabilities	63,247	4,362	4,362	13,086	61,304	83,114
	240,632	181,747	4,362	13,086	61,304	260,499

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**(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 utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

<b>Exposure to foreign currency At 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<i>(in thousand Baht)</i>			
<b>United States Dollars</b>				
Cash and cash equivalents	18,671	51,276	-	-
Trade and note receivables	19,084	34,551	-	-
Trade payables	(11,918)	(25,170)	-	-
Other current payables	(90)	(633)	-	-
<b>Gross statement of financial position exposure</b>	<b>25,747</b>	<b>60,024</b>	-	-
Forward exchange purchase contracts	-	5,193	-	-
Forward exchange selling contracts	(71,983)	(113,076)	-	-
<b>Net exposure</b>	<b>(46,236)</b>	<b>(47,859)</b>	-	-
<b>Euro</b>				
Cash and cash equivalents	15	14	-	-
Trade payables	(335)	(1,084)	-	-
<b>Net exposure</b>	<b>(320)</b>	<b>(1,070)</b>	-	-

**(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 operations and its cash flows.

**27 Capital management**

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

**Siam Pan Group Public Company Limited and its Subsidiaries**  
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**28 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Machinery and equipment	<u>1,233</u>	<u>2,225</u>	<u>-</u>	<u>-</u>
<b><i>Other commitments</i></b>				
Letters of credit for purchasing raw materials	6,924	42,901	-	-
Purchase orders for raw materials	5,567	5,173	-	-
Guarantee for the usage of electricity	9,560	10,200	400	400
Others	30	30	20	20
<b>Total</b>	<u>22,081</u>	<u>58,304</u>	<u>420</u>	<u>420</u>

***Donated land for public benefit***

At the Board of Directors' Meeting held on 23 May 1997, the Board of Directors passed a resolution to donate certain plots of land, included in property, plant and equipment at book value of Baht 530,000 comprising two title deeds located at Suanluang Sub-district, Phraakanong District, Bangkok, to the Bangkok Metropolitan Administration to be used for public benefit. The Company has not yet transferred the right of ownership of this land to the Bangkok Metropolitan Administration.

**29 Event after the reporting period**

At the Board of Directors' meeting of the Company held on 15 February 2021, the Board of Directors passed a resolution to approve a dividend payment for the year 2020 of Baht 0.45 per share amounting to Baht 155.25 million. The resolution will be proposed to the annual general meeting held on 27 April 2021.