SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Shrinkflex Thailand Public Company Limited

I have reviewed the accompanying statement of financial position of Shrinkflex Thailand Public Company Limited as at March 31, 2021 and the related statement of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and the condensed notes to the financial statement. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 " Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

I conducted my review in accordance with auditing standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

CONCLUSION

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

(Mr. Thanawut Piboonsawat)
Certified Public Accountant
Registration No. 6699

Dharmniti Auditing Company Limited
Bangkok, Thailand
May 13, 2021

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2021

ASSETS

	Note	Thousand Baht	
		As at March 31, 2021	As at December 31, 2020
Current assets			
Cash and cash equivalents		83,155	110,738
Trade and other current receivables	4.3, 5	170,240	149,479
Inventories	6	144,223	115,779
Other current financial assets	7	150,000	150,000
Derivative assets	21	681	-
Other current assets		1,291	496
Total current assets		549,590	526,492
Non-current assets			
Restricted deposits with financial institution	8	3,027	3,025
Property, plant and equipment	10	232,567	223,434
Right-of-use assets	11	72,568	72,771
Intangible assets	12	4,795	4,870
Deferred tax assets		3,601	4,405
Deferred molds		6,587	6,218
Non-current non-cash financial asset pledged as collateral	9	1,200	1,200
Other non-current assets		552	467
Total non-current assets		324,897	316,390
TOTAL ASSETS		874,487	842,882

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Thousand Baht	
		As at March 31, 2021	As at December 31, 2020
Current liabilities			
Short-term loans from financial institutions	13	-	3,146
Trade and other current payables	4.3, 14	88,978	82,909
Derivative liabilities	21	-	3,500
Current portion of long-terms loans from financial institution	15	16,667	11,667
Current portion of lease liabilities	4.3, 16	12,820	11,693
Corporate income tax payable		2,873	1,638
Total current liabilities		121,338	114,553
Non-current liabilities			
Long-term loans from financial institutions	15	3,333	8,333
Lease liabilities	4.3, 16	58,453	57,291
Non-current provisions for employee benefit		5,194	4,959
Total non-current liabilities		66,980	70,583
TOTAL LIABILITIES		188,318	185,136

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Thousand Baht	
		As at March 31, 2021	As at December 31, 2020
Shareholders' equity			
Share capital			
Authorized share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000	220,000
Issued and paid-up share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000	220,000
Share premium on ordinary shares		378,757	378,757
Retained earnings			
Appropriated			
Legal reserve	17	12,663	12,663
Unappropriated		74,749	46,326
TOTAL SHAREHOLDERS' EQUITY		686,169	657,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		874,487	842,882

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Note	Thousand Baht	
		2021	2020 (Restated) (Note 20)
Revenues			
Revenues from sale		184,825	161,916
Other income	4.4	4,525	3,180
Total revenues		189,350	165,096
Expenses			
Cost of sales	4.4	128,964	117,683
Distribution costs	4.4	7,723	6,551
Administrative expenses	4.4	15,827	15,744
Total expenses		152,514	139,978
Profit from operationg activities		36,836	25,118
Finance costs	4.4	1,398	2,714
Profit before income tax expense		35,438	22,404
Income tax expense	19	7,015	4,761
Profit for the period		28,423	17,643
Other comprehensive income for the period		-	-
Total comprehensive income for the period		28,423	17,643
Earnings per share (Baht)	20		
Basic earnings per share		0.06	0.09

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

		Thousand Baht				
		Issued and	Share premium	Retained earnings		Total
		paid-up shares	on ordinary	Appropriated	Unappropriated	shareholders'
	Note	capital	shares	Legal reserve		equity
Beginning balance as at January 1, 2020		100,000	-	4,926	122,886	227,812
Total comprehensive income for the period						
Profit for the period		-	-	-	17,643	17,643
Ending balance as at March 31, 2020		100,000	-	4,926	140,529	245,455
Beginning balance as at January 1, 2021		220,000	378,757	12,663	46,326	657,746
Total comprehensive income for the period						
Profit for the period		-	-	-	28,423	28,423
Ending balance as at March 31, 2021		220,000	378,757	12,663	74,749	686,169

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Thousand Baht	
	2021	2020
Cash flows from operating activities		
Profit for the period	28,423	17,643
Reconciliations of profit for the period to cash provided by (used in) operating activities:		
Depreciation and amortization	11,413	11,078
Bad debt and expected credit losses (reversal)	(108)	(85)
Loss on declining in value of inventories (reversal)	(248)	1,738
(Gain) loss on disposal of equipment	(3)	11
Unrealized (gain) loss on exchange rate	(5,999)	(1,985)
Employee benefit expense	235	226
Interest income	(303)	(17)
Interest expense	1,125	2,596
Income tax expense	7,015	4,761
Profit provided by operating activities before changes in operating assets and liabilities	41,550	35,966
(Increase) decrease in operating assets		
Trade and other current receivables	(4,482)	(18,754)
Inventories	(28,196)	12,431
Other current assets	(795)	(152)
Deferred molds	(369)	1,131
Other non-current assets	(92)	-
Increase (decrease) in operating liabilities		
Trade and other current payables	5,032	(8,020)
Cash received from operations	12,648	22,602
Income tax expense paid	(4,970)	(4,309)
Net cash provided by (used in) operating activities	7,678	18,293

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Thousand Baht	
	2021	2020
Cash flows from investing activities		
(Increase) decrease in restricted deposit with financial institution	(2)	(8)
Cash payments for purchase of property, plant and equipment	(29,755)	(8,798)
Cash receipts from disposal of equipment	59	-
Cash payments for purchase of intangible asset	(102)	(368)
Interest income received	10	8
Net cash used in investing activities	(29,790)	(9,166)
Cash flows from financing activities		
Increase (decrease) in short-term loan from financial institutions	(884)	3,538
Cash payments for long-term loans from financial institution	-	(5,556)
Cash payments for repayment of lease liabilities	(3,461)	(2,995)
Interest expense paid	(1,126)	(2,618)
Net cash used in financing activities	(5,471)	(7,631)
Net increase (decrease) in cash and cash equivalents	(27,583)	1,496
Cash and cash equivalents - beginning of period	110,738	4,900
Cash and cash equivalents - ending of period	83,155	6,396
Supplement disclosure for cash flows information:		
1. Reconciliation of cash paid for purchase of property, plant and equipment		
Purchase of property, plant and equipment for the period	(14,472)	(6,564)
(Increase) decrease in advance payments for purchase of assets	(15,877)	-
Increase (decrease) in payable from acquisition of assets	594	(2,234)
Cash payments for purchase of property, plant and equipment	(29,755)	(8,798)
2. During the period the Company acquired fixed assets by means of Lease liabilities	5,750	1,477

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
MARCH 31, 2021

1. GENERAL INFORMATION

1.1 Legal status and address of the Company

The Company had registered to be a limited company with the Ministry of Commerce on September 20, 2007. According to the Extraordinary Shareholders' Meeting No. 1/2020 held on May 30, 2020, the shareholders had a resolution to change the Company' status to a public limited company. The change of Company's status to be the public company limited was registered with the Ministry of Commerce on June 1, 2020.

The address of its registered office is as follows:

Head office is located at 68/2-5 Moo 5, Tambon Bang Samak, Bangpakong, Chachoengsao 24130 Thailand.

Branch offices is located at 89 Moo 12, Bangpakong, Bangpakong, Chachoengsao.

1.2 Nature of the Company's operations

The principal activities of the Company are to manufacture and distribution of shrink sleeve labels.

1.3 Major shareholders

The Company' s major shareholders were the Tsoi family which owns the common shares at 45.46% of the total common shares of the Company.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting", and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2020.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the financial statements in Thai language version.

2.2 Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current period.

2.3 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has revised TFRS 16 leases and published in the Government Gazette on January 27, 2021. There is added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The management of the Company are currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2020.

4. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

4.1 The nature of relationship with related parties were summarized as follows:

Related parties	Relationship
Related companies	
Manee Udomsuk Company Limited	Common shareholders and the Company's shareholder are director
Sri Rung Ruang Plastic Company Limited	Persons close to the group of shareholders and directors be shareholders and directors

Related parties	Relationship
TPF Construction & Warehouse Company Limted	Persons close to the group of shareholders and directors be shareholders and directors
Manee Mongkol Import-Export Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
A.T.M Trading Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
Related persons	
Director and key management pesonnel	Persons having authority and responsibility for management
Other related person	Persons close to shareholders and directors (Effective since September 26, 2020)

4.2 The Company has pricing policy for transactions with related parties as follows:

Transactions	Pricing policies
Sales of goods	Agreed price
Other income	Market price
Purchase of goods	Agreed price
Purchase of asset	Agreed price
Building rental fee	Agreed price
Commission	According to the agreement approved by the directors
Other expense	Agreed price
Interest expense	Lease liabilities, at the rate MLR-0.50% per annum
Compensation to director and management	According to be approved by director and shareholders

4.3 Balances with related parties as at March 31, 2021 and December 31, 2020 were as follows:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Asset		
Trade and other current receivables		
Related companies	36	-
Liabilities		
Trade and other current payables		
Related companies	794	797
Related person	504	504
Lease liabilities		
Related companies	66,326	63,062

4.4 Significant transactions with related parties for the three-month periods ended March 31, 2021 and 2020 were as follows:

	Thousand Baht	
	2021	2020
Related companies		
Other income	36	-
Purchases of goods	4	3
Other expense	189	296
Interest expense	920	981
Related person		
Commission expense	755	-
Key management personnel		
Compensation to director and key management personel		
Short-term benefit	4,294	5,465
Post-employment benefits	64	64
	4,358	5,529

4.5 Significant agreements with related parties

Land and building lease agreement

The Company entered into an office building lease agreement with Sri Rung Ruang Plastic Company Limited. The agreement has a period of 10 years from January 1, 2020 to December 31, 2029. It can renew the agreement upon the expiry of the agreement, whereby both parties will agree on term and condition as agreed in the agreement.

The Company entered into 2 factory area lease agreements with TPF Construction and Warehouse Company Limited. The agreements have a period of 3 years from January 1, 2019 and September 1, 2019. It can renew the agreement upon the expiry of the agreement, whereby both parties will agree on term and condition as agreed in the agreement.

On February 1, 2021, the Company entered into a plant building lease agreement with TTF Construction and Warehouse Company Limited for 1 agreement with a term of 3 years from February 1, 2021 to January 31, 2024. It can renew the agreement upon the expiry of the agreement for a further 3 years, whereby both parties will agree on term and condition as agreed in the agreement.

5. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Trade receivables	139,622	135,671
Other current receivables	30,618	13,808
Total	170,240	149,479

Trade receivables consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Trade receivables	137,329	133,420
Post date cheque	4,274	4,341
Total	141,603	137,761
Less Allowance for expected credit losses	(1,981)	(2,090)
Net	139,622	135,671

Trade receivables classified by ages of accounts consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Within credit term	86,257	73,543
Overdue:		
Less than 3 months	49,161	57,771
3 - 6 months	-	171
6 - 12 months	220	618
Over 12 months	1,691	1,317
Total	137,329	133,420

Other current receivables consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Prepaid expense	2,323	1,928
Deposit	27,656	11,323
Advance payment	-	258
Others	639	299
Total	30,618	13,808

6. INVENTORIES

Inventories consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Finished goods	29,061	32,060
Work in process	11,269	5,962
Raw materials	105,071	78,596
Supplies	1,176	1,151
Goods in transit	7,341	7,953
Total	153,918	125,722
Less Allowance for declining in value of inventories	(9,695)	(9,943)
Net	144,223	115,779

7. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Fixed deposit maturity of over three months	150,000	150,000
Total	150,000	150,000

8. RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

As at March 31, 2021 and December 31, 2020, the Company had fixed deposit in the amount of Baht 3.00 million with interest at the rate of 0.25% per annum and 0.25% per annum, respectively, as collateral for guarantee of credit facilities with a bank (Note 13).

9. NON-CURRENT NON-CASH FINANCIAL ASSET PLEDGED AS COLLATERAL

Non-current non-cash financial asset pledged as collateral consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Investments in debt security:		
Government bond for debt restructuring 2010, No.1 with 6 years, interest at the rate of 3.625% per annum and maturity date on June 16, 2023	1,200	1,200
Total	1,200	1,200

As at March 31, 2021 and December 31, 2020, the Company has used such bonds as collateral in the electricity usage agreement with the Provincial Electricity Authority (Note 22.6).

10. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the three-month period ended March 31, 2021 were summarized as follows:

	Thousand Baht
At cost	
Balance as at December 31, 2020	416,369
Acquisitions during the period	14,472
Disposals and write-off during the period	(484)
Transfer in (out) during the period	9,038
Balance as at March 31, 2021	439,395
Accumulated depreciation	
Balance as at December 31, 2020	(192,935)
Depreciation for the period	(7,675)
Accumulated depreciation on disposals and write-off	428
Transfer in (out) during the period	(6,646)
Balance as at March 31, 2021	(206,828)
Net book value	
Balance as at December 31, 2020	223,434
Balance as at March 31, 2021	232,567

As at March 31, 2021 and December 31, 2020, the Company had assets which were fully depreciated but they are still in use with gross carrying amount of Baht 81.72 million and Baht 78.88 million, respectively.

As at March 31, 2021 and December 31, 2020, land and building and machine with its cost of Baht 227.81 million and Baht 294.31 million, were pledged to as collateral for credit facitities from two financial institutions (Note 13 and 15).

As at March 31, 2021 and December 31, 2020, the Company entered into asset insurance for machine. The beneficiary of these insured assets is the financial institution to secure for the loan.

11. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets related to lease contracts and the movement for the three-month period ended March 31, 2021 are presented below:

	Thousand Baht			
	Land and building	Vehicle	Office equipment	Total
At cost				
Balance as at December 31, 2020	71,340	21,989	410	93,739
Addition during the period	5,750	-	-	5,750
Write-off during the period	-	-	-	-
Transfer in (out) during the period	-	(9,038)	-	(9,038)
Balance as at March 31, 2021	77,090	12,951	410	90,451
Accumulated depreciation				
Balance as at December 31, 2020	(9,809)	(11,158)	(1)	(20,968)
Depreciation for the period	(2,772)	(768)	(21)	(3,561)
Depreciation - write-off	-	-	-	-
Transfer in (out) during the period	-	6,646	-	6,646
Balance as at March 31, 2021	(12,581)	(5,280)	(22)	(17,883)
Net book value				
Balance as at December 31, 2020	61,531	10,831	409	72,771
Balance as at March 31, 2021	64,509	7,671	388	72,568

12. INTANGIBLE ASSETS

Movements of the intangible assets for the three-month period ended March 31, 2021 were summarized as follows:

	Thousand Baht
At cost	
Balance as at December 31, 2020	7,368
Acquisitions during the period	103
Disposals and write-off during the period	-
Balance as at March 31, 2021	7,471
Accumulated amortization	
Balance as at December 31, 2020	(2,498)
Amortization for the period	(178)
Accumulated amortization on disposals and write-off	-
Balance as at March 31, 2021	(2,676)
Net book value	
Balance as at December 31, 2020	4,870
Balance as at March 31, 2021	4,795

As at March 31, 2021 and December 31, 2020, the Company had intangible assets which were fully depreciated but they are still in use with gross carrying amount of Baht 0.02 million and Baht 0.02 million, respectively.

13. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions consisted of:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Trust receipts	-	3,146
Total	-	3,146

The Company had credit facilities with three local commercial banks, as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht As at March 31, 2021	Million Baht As at December 31, 2020
(1) Bank overdrafts	MOR	12.00	12.00
(2) Letter of credit/trust receipt	Libor + 2.50, MLR - 0.75	140.00	140.00
(3) Promissory note	MLR - 0.75	30.00	30.00
(4) Forward foreign exchange contracts	-	142.00	142.00
(5) Long-term loan (Note 15)	2.00	20.00	20.00
Total		344.00	344.00

As at March 31, 2021 and December 31, 2020, the credit limit is guaranteed by the fixed deposit with a bank for Baht 3.00 million (Note 8) and guaranteed by the mortgage of land and building and machine under ownership of company (Note 10) and guaranteed by director of company.

14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Thousand Baht As at March 31, 2021	Thousand Baht As at December 31, 2020
Trade account payables	67,119	54,930
Other current payables	21,859	27,979
Total	88,978	82,909

Other current payables consisted of:

	Thousand Baht As at March 31, 2021	Thousand Baht As at December 31, 2020
Accrued expenses	13,204	21,575
Unearned income	789	68
Payable from acquisition of assets	1,075	481
Account payable - Revenue Department	1,747	2,506
Others	5,044	3,349
Total	21,859	27,979

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Changes in long-term loans from financial institutions were summarized as follows:

	Thousand Baht	
	As at March 31, 2021 (For the three-month period)	As at December 31, 2020 (For the year)
Balance at beginning of the period	20,000	66,126
Additional loans during the period	-	82,400
Repayment during the period	-	(128,526)
Balance at end of the period	20,000	20,000
Less current portion	(16,667)	(11,667)
Long-term loans from financial institutions, net	3,333	8,333

During the year 2020, the Company had additinal loans from financial institution in the number of 3 credit lines totaling Baht 82.40 million, whereby the Company pledged its leashold rights and solar power generators as collateral for the loan amount of Baht 7.40 million.

Later, on December 29, 2020, the Company repaid the long-term loan from the financial institution before the due date under the agreement for 5 credit lines in total Baht 106.51 million and released the guarantee obligation in the leasehold rights and solar power generators used by the company as security against the loan repayment of the amount Baht 7.40 million. The Company has entered into an agreement for such credit line and the loan drawdown was in October 2020. However, the guarantee security and other conditions remain the same.

Balance details of long-term loan from financial institutions as at March 31, 2021 and December 31, 2020 were as follow:

		Credit limit (Million Baht)		Withdrawn (Million Baht)				Outstanding principal (Thousand Baht)	
No.	Year	2021	2020	2021	2020	Interest rate (% per annum)	Monthly repayment schedule of principal and interest	As at March 31, 2021	As at December 31, 2020
1	2020	20.00	20.00	20.00	20.00	2	12 equal installments (or approximately Baht 1,666,666.67) starting the first period at the end of 13 months from the loan withdrawn and within 24 months.	20,000	20,000
	Total	20.00	20.00	20.00	20.00			20,000	20,000

As at March 31, 2021 and December 31, 2020, the Company has credit facilities of long-term loan with a local commercial bank. The loans are guaranteed by the mortgage of machine under ownership of company (Note 10) and guaranteed by director of company and related person.

Under the term of the loan agreements, the Company has to comply with the certain conditions and restrictions as specified in the agreements as follow:

1. Maintain the proportion of interest-bearing debt to profit before interest, tax, depreciation and amortization (Interest Bearing Debt to EBITDA) of not more than 2.5 times.
2. Maintain a Debt Service Coverage Ratio (DSCR) of not less than 1.2 times (DSCR means profit before deducting tax expense, depreciation and amortization divide by the total amount of interest paid. Interest-bearing short-term debt and long-term interest-bearing debts due within 1 year.
3. Maintain the debt to equity ratio (Debt to Equity Ratio) of not more than 2 times without taking the liability under the operating lease of land and buildings which is based on the financial information is calculated as liabilities.
4. Carried out for the Tsoi family and the Piyatrueng family to maintain shareholding in the company altogether not less than 40% of the total issued and paid-up capital. (Originally required the Tsoi family to maintain direct and indirect shareholding in the company not less than 50% of the total paid-up capital).

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the three-month period ended March 31, 2021 are presented below:

	Thousand Baht
As at December 31, 2020	68,984
Addition	5,750
Accretion of interest	997
Accretion of purchase vat	44
Payments	(4,502)
Decrease from contract cancellation	-
As at March 31, 2021	71,273
Less: current portion	(12,820)
Lease liabilities - net of current portion	58,453

The following are the amounts recognized in profit or loss:

	Thousand Baht
Depreciation of right-of-use assets	3,561
Interest expense on lease liabilities	997
Total	4,558

The Company had total cash outflows for leases of Baht 4.50 million and also had non-cash additions to right-of-use assets and lease liabilities of Baht 5.75 million.

17. APPROPRIATION OF RETAINED EARNING

Legal reserve

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

18. OPERATING SEGMENT

The Company operates in a single line of business, namely the Shrink Films or Sleeve Labels business, which major products seperated to shrink-fitting labels and molds for printing labels which are related to the production of shrink-fitting labels. Their operations are carried on only in Thailand. Both products have similar group of customers therefore, the management considers that the Company operates in one major business segment.

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Information about geographical areas

The Company's revenue from sales separated by geographical area for the three-month periods ended March 31, 2021 and 2020, were summarized as follows:

	Thousand Baht	
	2021	2020
Domestic	184,563	161,864
Export	262	52
Total	184,825	161,916

19. INCOME TAX EXPENSE

Major components of income tax expense for the three-month periods ended March 31, 2021 and 2020 consisted of:

	Thousand Baht	
	2021	2020
Income tax expense shown in profit or loss:		
Current tax expense:		
Income tax expense for the period	6,212	4,208
Deferred tax expense:		
Changes in temporary differences relating to the original recognition and reversal	803	553
Total	7,015	4,761

Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rate of the Company in respect of continuing operations three-month periods ended March 31, 2021 were 19.80% (March 31, 2020 : 21.25%). These changes in effective tax rate were caused by the different treatment for accounting and taxation purposes of certain items of expense and the carry forward of unused tax losses in the financial statements.

20. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares which are issued and paid-up during the period after adjusting the number of ordinary shares to reflect the effect of change to the par value and basic earnings per share of the previous period was recalculated as if the change in the par value has occurred since the beginning of the first period which the report is presented.

For the three-month periods ended March 31, 2021 and 2020

		2021	2020 (Restated)
Profit for the period	(Thousand Baht)	28,423	17,643
Weighted average number of ordinary shares	(Thousand shares)	440,000	200,000
Basic earnings per share	(Baht per share)	0.06	0.09

21. FINANCIAL INSRUMENTS

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data.

As at March 31, 2021, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	Carrying	Fair Value (Thousand Baht)			
	amount	Level 1	Level 2	Level 3	Total
Asset					
Forward foreign exchange contracts	-	-	681	-	681

As at December 31, 2020, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	Carrying	Fair Value (Thousand Baht)			
	amount	Level 1	Level 2	Level 3	Total
Liability					
Forward foreign exchange contracts	-	-	3,500	-	3,500

During the period, there were no change in the classification of financial assets.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

22. COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Commitments relating to lease and service agreements commitments

As at March 31, 2021 and December 31, 2020, the Company had commitments on lease and service agreements were as follows:

	Thousand Baht	
	As at March 31, 2021	As at December 31, 2020
Not later than one year	2,225	1,351
Later than one year and not later than five years	34	58
Later than five years	-	-
Total	2,259	1,409

22.2 Commitments relating to forward foreign exchange contracts

As at March 31, 2021, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 2.47 million (equal to Baht 76.45 million) with maturity date in August 2021.

As at December 31, 2020, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 3.12 million (equal to Baht 96.85 million) with maturity date in April 2021.

22.3 Commitments relating to outstanding letters of credit

As at March 31, 2021 and December 31, 2020, the Company had commitments for the outstanding letters of credit amounting equivalent to U.S. Dollars 2.92 million (equal to Baht 91.62 million) and U.S. Dollars 2.65 million (equal to Baht 79.91 million), respectively.

22.4 Commitment relating to purchase of raw material agreements

As at March 31, 2021 and December 31, 2020, The Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and per conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 4 and 6 months. The Company has an outstanding commitment under the agreement amounted U.S. Dollars 1.27 million (equal to Baht 39.87 million) and U.S. Dollars 2.05 million (equal to Baht 61.85 million), respectively.

22.5 Commitment on capital expenditure

22.5.1 As at December 31, 2020 the Company has commitment to pay under machine purchase contract totaled Baht 36.97 million. The Company has an outstanding commitment under the agreement amounted Baht 25.79 million.

22.5.2 As at March 31, 2021 and December 31, 2020, the Company has commitment to pay under contract for the construction of a new factory totaled Baht 2.40 million. The Company has an outstanding commitment under the agreement amounted Baht 0.60 million and Baht 2.16 million, respectively.

22.6 Contingent liabilities relating to electricity usage agreement

As at March 31, 2021 and December 31, 2020, the Company had contingent liabilities in respect of electricity usage agreements with the Provincial Electricity Authority in the amount of Baht 1.40 million and Baht 1.40 million, respectively.

23. EVENT AFTER THE REPORTING PERIOD

According to the Annual General Meeting of shareholders for the year 2021, held on April 26, 2021, shareholders had resolution to approve the appropriation of profit as a legal reserve in the amount of Baht 5,857,055.64 (which is the legal reserve that the Company has appropriated in 2020 amounting to Baht 4,210,529.32 and additional appropriated as a legal reserve in 2021 amounting to Baht 1,646,526.32 and the payment of dividends to the Company's shareholders at the rate of Baht 0.0711 per share in the amount not exceeding of Baht 31,284,000.00 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of March 11, 2021, to be entitled to receive dividend. The Company will pay dividends to shareholders on May 25, 2021.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's board of directors on May 13, 2021.