

SRF Industries (Thailand) Limited

Financial statements for the year ended

31 March 2021

and

Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

To the Shareholders of SRF Industries (Thailand) Limited

Opinion

I have audited the financial statements of SRF Industries (Thailand) Limited (the “Company”), which comprise the statement of financial position as at 31 March 2021, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (“TFRS for NPAEs”).

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 Financial Statements* section of my report. I am independent of 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

๖



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management 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.

D. Yin

(Dussanee Yimsuwan)
Certified Public Accountant
Registration No. 10235

KPMG Phoomchai Audit Ltd.
Bangkok
5 May 2021

SRF Industries (Thailand) Limited

Statement of financial position

Assets	Notes	31 March	
		2021	2020
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		10,564,367	32,545,991
Trade accounts receivable	4	368,887,532	188,917,083
Other receivables	14	13,180,719	32,186,690
Inventories	5	365,429,918	176,379,265
Refundable value added tax		83,786,730	26,123,768
Other current assets	6, 14	91,014,176	48,823,372
Total current assets		932,863,442	504,976,169
<i>Non-current assets</i>			
Property, plant and equipment	7	5,178,496,196	3,402,603,639
Advance payment for purchase of property, plant and equipment		286,057,560	262,739,003
Deferred tax assets	11	101,703,668	100,174,561
Other non-current assets		507,500	622,000
Non-current assets held for sale	14	-	51,478,387
Total non-current assets		5,566,764,924	3,817,617,590
Total assets		6,499,628,366	4,322,593,759

The accompanying notes are an integral part of these financial statements.

SRF Industries (Thailand) Limited

Statement of financial position

Liabilities and equity	Note	31 March	
		2021	2020
		<i>(in Baht)</i>	
Current liabilities			
Trade accounts payable		883,657,262	383,498,427
Other payables	8	1,710,440,752	893,427,524
Short-term loans from financial institutions	9	280,000,000	280,000,000
Current portion of long-term loans from financial institutions	9	174,612,578	-
Other current liabilities		-	10,957,074
Total current liabilities		3,048,710,592	1,567,883,025
Non-current liabilities			
Long-term loans from financial institutions	9	524,445,283	698,635,220
Long-term loans from parent company	9	679,836,861	708,419,822
Provision for retirement benefits	10	22,705,304	22,405,081
Total non-current liabilities		1,226,987,448	1,429,460,123
Total liabilities		4,275,698,040	2,997,343,148
Equity			
Share capital			
Authorised share capital			
<i>(1,000,003 ordinary shares, par value at Baht 100 per share)</i>		100,000,300	100,000,300
Issued and paid-up share capital			
<i>(1,000,003 ordinary shares, par value at Baht 100 per share)</i>		100,000,300	100,000,300
Retained earnings		2,113,412,832	1,225,250,311
Other component of equity		10,517,194	-
Total equity		2,223,930,326	1,325,250,611
Total liabilities and equity		6,499,628,366	4,322,593,759

The accompanying notes are an integral part of these financial statements.

SRF Industries (Thailand) Limited

Statement of income

		Year ended 31 March	
	<i>Note</i>	2021	2020
		<i>(in Baht)</i>	
Revenue			
Revenue from sale of goods	12	3,215,127,643	2,583,123,295
Other income		48,831,483	27,349,244
Net foreign exchange gain		82,427,488	-
Total revenue		3,346,386,614	2,610,472,539
Expenses			
Cost of sale of goods		2,114,086,868	1,992,525,695
Selling expenses		183,623,549	95,409,054
Administrative expenses		127,938,251	231,297,397
Loss on written off assets from discontinued operation		-	356,262,822
Net foreign exchange loss		-	15,235,838
Total expenses		2,425,648,668	2,690,730,806
Profit (loss) before finance costs and income tax expense			
		920,737,946	(80,258,267)
Finance costs		34,104,532	10,410,935
Profit (loss) before income tax expense		886,633,414	(90,669,202)
Income tax revenue	11	(1,529,107)	(88,279,699)
Profit (loss) for the year		888,162,521	(2,389,503)

The accompanying notes are an integral part of these financial statements.

SRF Industries (Thailand) Limited

Statement of changes in equity

	Issued and paid-up share capital	Retained earnings	Other component of equity	Total equity
	<i>(in Baht)</i>			
<i>Year ended 31 March 2020</i>				
Balance at 1 April 2019	100,000,300	1,227,639,814	(15,632,174)	1,312,007,940
Loss for the year	-	(2,389,503)	-	(2,389,503)
Other component of equity				
Realised losses on cash flow hedges	-	-	15,632,174	15,632,174
Balance at 31 March 2020	100,000,300	1,225,250,311	-	1,325,250,611
<i>Year ended 31 March 2021</i>				
Balance at 1 April 2020	100,000,300	1,225,250,311	-	1,325,250,611
Profit for the year	-	888,162,521	-	888,162,521
Other component of equity				
Cost of hedging reserve	-	-	10,517,194	10,517,194
Balance at 31 March 2021	100,000,300	2,113,412,832	10,517,194	2,223,930,326

The accompanying notes are an integral part of these financial statements.

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Trade accounts receivable
5	Inventories
6	Other current assets
7	Property, plant and equipment
8	Other payables
9	Loans
10	Provision for retirement benefits
11	Income tax
12	Promotional privileges
13	Commitments
14	Reclassification of accounts

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

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 Directors on 5 May 2021.

1 General information

SRF Industries (Thailand) Limited, the “Company”, is incorporated in Thailand and has registered office at 112 Moo 3 WHA Eastern Seaboard Industrial Estate 1, Tambol Tasith, Amphur Pluak Daeng, Rayong. The principal activities of the Company are manufacture and distribution of Packaging Films and distribution of Refrigerant chemical.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions (TFAC).

In addition, the Company has applied the following Thai Financial Reporting Standards for Publicly Accountable Entities (TFRS for PAEs).

TFRS	Topic
TAS 12	Income Taxes

During the year 2020, TFAC has launched the additional optional requirements for TFRS for NPAEs regarding *property, plant and equipment* and *investment property*, which are effective for the accounting period beginning on or after 1 January 2020. The requirements provide additional options for entities to measure property, plant and equipment and investment property at fair value subsequent to initial recognition at cost. The Company did not elect to apply the additional options, therefore, there was no effect on the financial statements.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company’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.

3 Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates ruling at that date. Gains or losses arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities arising from foreign currency transactions that are measured at cost are translated to Thai Baht at the exchange rates at the dates of the transactions.

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

(b) Derivatives

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income 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 the statement of income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3(c)).

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

(c) Hedging

Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other component of equity in statement of change in equity. Any ineffective portion is recognised immediately in the statement of income.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other component of equity in statement of change in equity does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to the statement of income consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

In some cases, the company separates the premium element and the spot element of a forward contract and designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. In such cases, the changes in the fair value of the premium element of the forward contract or the foreign currency basis spread of the financial instrument is accumulated in a separate component of equity as 'cost of hedging'. The changes in the fair value of such premium element or foreign currency basis spread are reclassified to profit or loss as a reclassification adjustment on a straight-line basis over the period of the forward contract or the financial instrument.

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gain or loss recognised in other component of equity in statement of change in equity is reclassified from equity to the statement of income consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(e) Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories. Bad debts are written off when incurred. Bad debts recovered are recognised in other income in the statement of income.

(f) Inventories

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

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

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.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

(g) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale and are measured at the lower of their carrying value and fair value less cost to sell. Losses on initial decline in value and subsequent gains and losses on remeasurement are recognised in the statement of income. Gains are not recognised in excess of any cumulative losses on decline in value. Gain (loss) on disposal of the assets are recognised in the statement of income when the asset is disposed of.

(h) Property, plant and equipment

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and losses on decline in value.

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

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

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

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

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 Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount which excludes freehold land and assets under construction and installation, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of income on a units of production basis or 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:

Leasehold improvement	30 years
Buildings and building improvement	20 - 40 years
Machinery and equipment	3 - 30 years
Furniture, fixtures and office equipment	3 - 15 years
Vehicles	5 years

(i) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount of an asset exceeds its recoverable amount. A loss on decline in value is recognised in the statement of income.

(j) Trade and other accounts payables and loans

Trade and other payables and loans are stated at cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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 the best estimate method.

Provision for retirement benefits

Provision for retired benefits and other long-term employee benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

(l) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

Interest and other income

Interest and other income is recognised as it accrues.

(m) *Operating leases*

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

(n) *Finance costs*

Interest expenses and similar costs are recognised on accrual basis, and will be capitalised as being directly attributable to the acquisition or construction of an asset which necessarily takes a substantial year of time to be prepared for its intended use.

(o) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in the statement of income except to the extent items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary difference: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

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

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

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

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

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 of the Company. 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.

4 Trade accounts receivable

	2021	2020
	<i>(in thousand Baht)</i>	
Trade accounts receivable	372,806	193,190
<i>Less</i> allowance for doubtful accounts	<u>(3,918)</u>	<u>(4,273)</u>
Net	<u>368,888</u>	<u>188,917</u>
Bad debts	<u>-</u>	<u>1,011</u>
Bad debts recovered	<u>355</u>	<u>100</u>

5 Inventories

	2021	2020
	<i>(in thousand Baht)</i>	
Finished goods	112,071	71,434
Work in progress	84,298	4,505
Raw materials	169,061	83,832
Goods in transit	<u>-</u>	<u>16,608</u>
	<u>365,430</u>	<u>176,379</u>
<i>Less</i> allowance for decline in value	<u>-</u>	<u>-</u>
Net	<u>365,430</u>	<u>176,379</u>

6 Other current assets

	2021	2020
	<i>(in thousand Baht)</i>	
Advance payment to suppliers	44,907	48,823
Unrealised gain from outstanding forward contracts	<u>46,107</u>	<u>-</u>
Total	<u>91,014</u>	<u>48,823</u>

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

7 Property, plant and equipment

	Land	Leasehold improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<i>Cost</i>								
At 1 April 2019	124,000	33,986	776,988	4,376,874	57,836	3,715	67,419	5,440,818
Additions	-	6,898	-	1,124	255	-	1,841,774	1,850,051
Transfers	-	-	-	10,271	90	1,345	(11,706)	-
Transfer to assets held for sale	-	(21,048)	(506,963)	(2,675,351)	(24,793)	(2,578)	-	(3,230,733)
Disposals	-	-	-	(38,260)	(14,637)	-	(12,319)	(65,216)
At 31 March 2020 and 1 April 2020	124,000	19,836	270,025	1,674,658	18,751	2,482	1,885,168	3,994,920
Additions	-	-	-	-	2,867	-	1,912,685	1,915,552
Transfers	-	9,069	360,987	1,937,146	7,868	-	(2,315,070)	-
Disposals	-	-	-	-	(1,523)	-	-	(1,523)
At 31 March 2021	124,000	28,905	631,012	3,611,804	27,963	2,482	1,482,783	5,908,949
<i>Depreciation and losses on decline in value</i>								
At 1 April 2019	-	15,484	472,031	2,859,224	52,174	2,880	-	3,401,793
Depreciation charged for the year	-	2,888	12,820	82,236	1,992	567	-	100,503
Losses on decline in value	-	7,125	52,217	230,049	1,803	136	-	291,330
Transfer to assets held for sale	-	(21,048)	(491,864)	(2,608,830)	(24,272)	(2,577)	-	(3,148,591)
Disposals	-	-	-	(38,102)	(14,617)	-	-	(52,719)
At 31 March 2020 and 1 April 2020	-	4,449	45,204	524,577	17,080	1,006	-	592,316
Depreciation charged for the year	-	828	12,337	123,357	2,683	455	-	139,660
Disposals	-	-	-	-	(1,523)	-	-	(1,523)
At 31 March 2021	-	5,277	57,541	647,934	18,240	1,461	-	730,453
<i>Net book value</i>								
At 31 March 2020	124,000	15,387	224,821	1,150,081	1,671	1,476	1,885,168	3,402,604
At 31 March 2021	124,000	23,628	573,471	2,963,870	9,723	1,021	1,482,783	5,178,496

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

Capitalised borrowing costs relating to the acquisition of the construction and machinery of the new factory amounted to Baht 11.57 million (2020: Baht 28.94 million), with a capitalisation rate of 2.38% per annum (2020: 2.34% per annum).

Security

As at 31 March 2021, the Company has mortgage of Land and building, and pledged majority of machine and equipment's credit facility granted by TMB Bank Public Company Limited, which was entered into during December 2019 (see note 9), at approximately Baht 1,499.80 million.

8 Other payables

	2021	2020
	<i>(in thousand Baht)</i>	
Capital expenditure payables	1,477,995	694,598
Accrued interest expense - related parties	164,377	154,428
Accrued expenses	39,131	20,430
Advance from customers	7,479	8,712
Other payable - related parties	4,210	4,114
Accrued interest expense - financial institutions	2,558	3,239
Other	14,691	7,907
Total	<u>1,710,441</u>	<u>893,428</u>

9 Loans

The Company entered into unsecured promissory notes with financial institutions. The loans bear interest rate at 1.36% to 1.70% per annum and will be repayable within April 2021 (2020: 2.00% to 2.78% per annum and were repayable within April 2020). As at 31 March 2021, the outstanding promissory notes was Baht 280 million (2020: Baht 280 million).

The Company entered into a loan agreement with TMB Bank Public Company Limited amounting to Baht 700 million on 17 December 2019. The loan bears interest rate at MLR minus margin of 3.775 percent per annum and is payable on a semi-annual basis instalment of Baht 87.5 million, starting from September 2021 to March 2025. The loan is secured by the mortgage of the Company's land title deed no. 23720, Pluakdeang District, Rayong Province including the existing buildings, Plastic Film Factory and/or any construction in the future. In addition, the collaterals of the loan include the Company's all existing machines and equipment located at Plastic Film Factory, Pluakdeang District, Rayong Province. As at 31 March 2021, the outstanding of the loan was Baht 699.06 million (2020: Baht 698.64 million).

The Company entered into unsecured long-term loans agreements with a parent company with the credit facilities totalling USD 27.7 million. The loans bear interest rate at LIBOR plus margin per annum. The loans are repayable whenever the Company fulfils the conditions stipulated in the long-term loan agreements made with other financial institutions. As at 31 March 2021, the outstanding of the loan was USD 21.58 million (equivalent to Baht 679.84 million) (2020: USD 21.58 million, equivalent to Baht 708.42 million).

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

10 Provision for retirement benefits

	Retirement benefits (in thousand Baht)
At 1 April 2019	51,435
Additions	72,904
Severance pay	(95,163)
Paid	(6,771)
At 31 March 2020 and 1 April 2020	22,405
Additions	11,051
Paid	(8,848)
Reversal	(1,903)
At 31 March 2021	22,705

11 Income tax expense

Income tax recognise in the statement of income

	2021	2020
	(in thousand Baht)	
Current tax expense		
Current year	-	-
Deferred tax expense		
Movements in temporary differences	(1,529)	(88,280)
	(1,529)	(88,280)

Reconciliation of effective tax rate

	2021		2020	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		886,633		(90,669)
Income tax using the Thai corporation tax rate	20.00	177,327	20.00	(18,134)
Income tax reduction - tax privileges		(137,655)		(22,146)
Income tax reduction		(106,481)		-
Expenses not deductible for tax purposes		2,146		242
Recognition of previously unrecognised tax losses		-		(48,242)
Current year losses for which no deferred tax asset was recognised		63,134		-
Total	0.17	(1,529)	97.37	(88,280)

Deferred tax assets as at 31 March

	2021	2020
	(in thousand Baht)	
Deferred tax assets	101,704	100,175

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

	At 1 April 2020	<u>Charged / (credited) to;</u> statement of income other components of equity <i>(in thousand Baht)</i>		At 31 March 2021
<i>Deferred tax assets</i>				
Accounts receivable (<i>doubtful accounts</i>)	855	(146)	-	709
Provision for employee benefits	3,029	-	-	3,029
Loss carried forward	96,291	1,675	-	97,966
Total	<u>100,175</u>	<u>1,529</u>	<u>-</u>	<u>101,704</u>

	At 1 April 2019	<u>Charged / (credited) to;</u> statement of income other components of equity <i>(in thousand Baht)</i>		At 31 March 2020
<i>Deferred tax assets</i>				
Accounts receivable (<i>doubtful accounts</i>)	672	183	-	855
Inventories (<i>allowance for decline in value</i>)	955	(955)	-	-
Provision for employee benefits	10,287	(7,258)	-	3,029
Cash flow hedge reserve	3,889	19	(3,908)	-
Loss carried forward	-	96,291	-	96,291
Total	<u>15,803</u>	<u>88,280</u>	<u>(3,908)</u>	<u>100,175</u>

12 Promotional privileges

The Company has been granted promotional certificates by the office of the Board of Investment for manufacture of plastic packaging product, plastic coat, and Pet Resin. The Company has been granted several privileges including:

- (a) exemption from payment of income tax for certain operations for periods of six / eight years from the date on which the income is first derived from such operations;
- (b) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date; and
- (c) an exemption from payment of import duty on machinery as approved by the Board of Investment.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted business:

	2021			2020		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
<i>Year ended</i>						
31 March						
Export sales	2,403,753	30,039	2,433,792	1,366,677	469,823	1,836,500
Local sales	732,449	48,887	781,336	509,426	237,197	746,623
Total	<u>3,136,202</u>	<u>78,926</u>	<u>3,215,128</u>	<u>1,876,103</u>	<u>707,020</u>	<u>2,583,123</u>

SRF Industries (Thailand) Limited
Notes to the financial statements
For the year ended 31 March 2021

13 Commitments

	2021	2020
	<i>(in thousand Baht)</i>	
Capital commitments		
Buildings and other constructions	55,603	97,514
Machinery and equipment	202,046	697,967
Total	257,649	795,481
Non-cancellable operating lease commitments		
Within 1 year	2,209	3,145
After 1 year but within 5 years	488	203
Total	2,697	3,348
Other commitment		
Bank guarantees	18,471	28,228

The Company has entered into several lease agreements in respect of the lease of warehouse, motor vehicles and equipment. The terms of the Company's lease agreements are generally between 1 and 4 years.

As at 31 March 2021, the Company had letters of guarantee issued by a financial institution for electricity use and natural gas purchases amounting to Baht 18.47 million (2020: Baht 28.23 million).

Financial derivatives

Foreign exchange contract outstanding is summarised as below.

		As at 31 March 2021		
Purchase	Sell	Contractual exchange rate	Contractual maturity date	
USD 18.5 million	THB 555.5 million	30.05	August 2021 - January 2022	
EUR 15.7 million	USD 18.5 million	1.18	August 2021 - January 2022	
		As at 31 March 2020		
Purchase	Sell	Contractual exchange rate	Contractual maturity date	
EUR 13.4 million	USD 15.1 million	1.13	August - November 2020	

14 Reclassification of accounts

Certain accounts in the 2020 financial statements have been reclassified to conform to the presentation in the 2021 financial statements because, in the opinion of management, the new classification is more appropriate to the Company's business.

	Before reclass.	2020 Reclass.	After reclass.
	<i>(in thousand Baht)</i>		
Statement of financial position			
Current assets			
Other receivables	81,010	(48,823)	32,187
Other current assets	-	48,823	48,823
Non-current assets held for sale	51,478	(51,478)	-
Non-current assets			
Non-current assets held for sale	-	<u>51,478</u>	51,478
		<u>-</u>	