

# 2020 Annual Report



# Content

## **Business Operation**

1. Financial Highlights	1
2. General Information of the Company	2
3. Vision, Mission, Value and Policy	4
4. Message from Chairman	8
5. Nature of Business	10
6. Industry and Competition	22

## **Management and Corporate Governance**

7. Securities and Shareholders	25
8. Management Structure	27
9. Corporate Governance	40
10. Insider Information Control	49
11. Internal Control and Risk Management	50
12. Connected Transactions	60

## **Financial Position and Operating Performance**

13. Report on the Board of Directors' Financial Responsibilities	63
14. The Audit Committee's Report	64
15. Analysis of Operating Results and Financial Status	67
16. Financial Statement	71

## **Other Related Information**

17. Reference	141
18. Investor Information	142

## 1. Financial Highlight

		2020	2019	2018
<b>Result of Operation</b>				
Sales and Service Revenue	Million Baht	1,334	1,556	2,390
Gross Profit	Million Baht	167	359	516
Selling and Administrative Expense	Million Baht	175	193	161
EBITDA	Million Baht	268	413	545
Profit for the year	Million Baht	(44)	142	293
<b>Financial Position</b>				
Total Assets	Million Baht	3,643	3,771	3,394
Total Liabilities	Million Baht	2,106	2,127	1,764
Shareholders' Equity	Million Baht	1,537	1,644	1,630
<b>Financial Ratio</b>				
Gross Profit Margin	%	12.50	23.07	21.59
EBITDA Margin	%	20.11	9.56	22.81
Net Profit Margin	%	(3.32)	20.45	12.25
ROA	%	(1.20)	3.96	9.09
ROE	%	(2.79)	8.66	18.90
Debt to Equity Ratio	Times	1.37	1.29	1.08
Net Debt to EBITDA	Times	7.85	5.15	3.24
Debt Service Coverage Ratio	Times	0.94	1.20	2.26
Interest Service Coverage Ratio	Times	5.15	11.03	16.17
<b>Shares or Information about Common Shares</b>				
Number of Outstanding Shares	Million Shares	592.8	592.8	553.5
Book Value	Baht/share	2.59	2.77	2.94
Basic Earnings per share	Baht/share	(0.07)	0.25	0.54
Diluted Earnings per share	Baht/share	-	0.24	0.51
Dividend per share <sup>(1)</sup>	Baht/share	-	0.25	0.50
Dividend Payout Ratio on profit for the year	%	-	100.00	92.59
Market Price (at Year End)	Baht/share	3.54	3.68	7.75

**Remark:** <sup>(1)</sup> The Board of Directors has resolved to propose to the shareholders' meeting on April 20, 2021 to approve the omission of the dividend payment for the year 2020.

## 2. General Information of the Company

<b>Company's name</b>	: Interhides Public Company Limited
<b>Initials</b>	: IHL
<b>Company's Registration Number</b>	: 0107548000595
<b>Nature of Business</b>	: Producing and distributing leather covering for car seats and other related products
<b>Registered Capital</b>	: 594,998,274 ordinary shares at par value of Baht 1
<b>Paid-up Capital</b>	: 592,805,637 ordinary shares at par value of Baht 1
<b>Headquarter</b>	: 678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>1<sup>st</sup> Factory</b>	: 192 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>2<sup>nd</sup> Factory</b>	: 678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>3<sup>rd</sup> - 4<sup>th</sup> Factory</b>	: 999 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>5<sup>th</sup> Factory</b>	: 555 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>6<sup>th</sup> Factory</b>	: 1111 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>7<sup>th</sup> Factory</b>	: 775 Bangpu Industrial Estate, Moo 2, Soi 4, Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>8<sup>th</sup> Factory</b>	: 183 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>9<sup>th</sup> Factory</b>	: 1111/2 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>10<sup>th</sup> Factory</b>	: 1111/3 M. 6 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>Company Secretary</b>	
Telephone	: (662) 028-9728-37
Fax	: (662) 028-9738-39
E-mail	: Companysecretary@Interhides.com
<b>Investor Relations</b>	
Telephone	: (662) 028-9728-37
Fax	: (662) 028-9738-39
E-mail	: Companysecretary@Interhides.com

## Information of the subsidiary company

<b>Company's name in Thai</b>	: บริษัท อินเตอร์ซีท คัฟเวอร์ จำกัด (ISC)
<b>Company's name in English</b>	: Interseat Cover Company Limited (ISC)
<b>Nature of Business</b>	: Producing and distributing trim covering for car seats, steering wheel and gear knob
<b>Location</b>	: 999 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>Company's Registration Number</b>	: 0115554009416
<b>Telephone</b>	: (662) 028-9728-37
<b>Fax</b>	: (662) 028-9738-39
<b>Registered Capital</b>	: 200,000 ordinary shares at par value of Baht 100
<b>Paid-up Capital</b>	: 200,000 ordinary shares at par value of Baht 100
<b>No. of Held Shares</b>	: 199,998 shares
<b>Tax privileges</b>	: Exemption corporate tax for 8 years by the Board of Investment (BOI)

<b>Company's name in Thai</b>	: บริษัท อินเตอร์ กรีน จำกัด (IG)
<b>Company's name in English</b>	: Inter Green Company Limited (IG)
<b>Nature of Business</b>	: Protein Hydrolysate
<b>Location</b>	: 1111/2 Soi Foknung Km. 34 Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280
<b>Company's Registration Number</b>	: 0115559014850
<b>Telephone</b>	: (662) 028-9728-37
<b>Fax</b>	: (662) 028-9738-39
<b>Register Capital</b>	: 500,000 ordinary shares at par value of Baht 100
<b>Paid-up Capital</b>	: 500,000 ordinary shares at par value of Baht 100
<b>No. of Held Shares</b>	: 499,997 shares
<b>Tax privileges</b>	: -

## Vision

"To become the industry leader in Southeast Asia that moves the company with internal standards. Fast response to our customer, with advancement in innovative technology that is environmentally friendly".

## Value



## Mission

Customers	Shareholders	Organization	Employee	Community
Develop and propose product with excellence service and fast response. To compete with our competitors in the industry	Provide with great value of investment for all shareholders continously under good governance	Improve organization structure and manage to provide highest quality and efficiency in all aspect for continous growth	Develop human resource to be profesional to response to any customer's need	Improve community through programs and activity that has benefits to all community
Customers	Shareholders	Organization	Employee	Community

### 3. Vision, Mission, Value and Policy

#### 1. Value

The Company prioritises its value. While there are change in the world economic and the world market. With strong company's vision, the Company can maintain its strong decision making and trust regulary. The Company vision is the root basis to change and improve our human resource. The Company values are as the following:

**1.1 Performance Excellent** – The Company focus on performing with confidence to reach positive result. With research and development, and various improvement to reach a higher standard for the market. With strong belief that we can do better than yesterday and tomorrow will be better. With great effort to enhance the Company to great excellence.

**1.2 Trust and Respect** – From generations we operate with honesty, trust, and empathy. With a strong policy for “friendly” style of business. From proper business performance, and clear information sharing. The Company put priority for good governance, respect for rules and regulation, credibility of financial statement report from internal and external auditing, which include good work ethic for our employees. The Company is proud on our honesty and justice in our operation, which aid our goal in complying with all rules and regulation.

**1.3 Employees** – The Company priorities to a friendly environment for every employees. With basis that high quality employee will lead to company's success. Hence the Company put forth the effort to locate quality employee for the Company. With great employee benefits, proper salary and top of the line training for development. The Company also promote better work place quality with proper hygiene and work place safety which benefits the company and the community as a whole.

**1.4 Quality** – Company commits to produce and serve our customer with high customer satisfaction and highest benefits for our customer. With belief that our customer will understand our asking price for the higher quality product. The Company understand the importance in quality control for every production process. Starting from raw material selection, production control, final product, and the response time to our customer to maintain our quality and standard, and finally on time delivery for our customer.

**1.5 Responsibility for society** – The Company understand the important for community and the environment. The Company is directly involve in improving the community and the environment, and is a participant of the 3R program with the government to reduce and develop recycle material to be utilize back in the process.

2. **Vision** – To become the industry leader in Southeast Asia that moves the Company with international standards. Fast response to our customer, with advancement in innovative technology that is environmentally friendly.
3. **Mission** – Our duties of the Company that fits with our values.
  - 3.1 Customers: Increase customer satisfaction for continuous business growth
  - 3.2 Employees : Build teams with the proper skillsets to response to all of our customer's need
  - 3.3 Shareholders: Generate profit and increase investment value for all shareholders under good governance business
  - 3.4 Organization: Develop the ability to compete with our competitors. With proper costing via continuous improvement in process development and human development.
  - 3.5 Society and Communities: Involve in community outreach and all communities who are involve with the Company
4. **Policies:**
  - 4.1 Have effiencie that benefits to the Company
  - 4.2 Justice and good governance to all stakeholders
  - 4.3 Transparent and Verifyable
  - 4.4 Act according to laws and regulation of all countries the Company is involved with

## **Ethics in the business of the Company**

Interhides Public Co., Ltd. has ethics in business. All employees must behave as representatives of company as detailed below:

1. Fairness and Non-Discriminator

The Company treats its stakeholders with fairness whether buyer, seller, competitor, shareholder, employee, and so on, without discriminate against any one. Due to differences in race, religion, nationality, sex, age or education.

2. Keeping Honesty

The Company does not give money or goods to any person, to induce the wrong action, and do not support the wrong actions. It is not desirable for employees to receive money or items from the stakholders of the Company, such as the seller or customers, etc

3. Political neutrality

The Company is neutral; do not act in favor of any political party or any person with political power, to seek special benefits

4. Environmental Protection

The Company encourages employees to conduct environmental conservation activities under the policy “On-time delivery of quality product with our advanced technology performance”.

## **Message from the President**

In the past year, Thailand's economy and the global economy has been hit with a pandemic with the corona virus (Covid-19). This has changed everybody lives and how the society lives and move forward. This result in many impacts in a lot of industry such as production, import and export, and sales opportunity. With all that has happened the company has set priorities to expand our business and reducing our risk by entering multiple business. We are now entering shoe leather market, furniture leather market, and dog chew business. We hope that each new business will grow to become one of our core business in the future.

Shoe leather has a lot of competition in both domestic and international market. In the past year we have enter the market with our goal to provide a clean produced leather for the shoe industry. This is our core competency and our competitive advantage. Since Interhides has a complete production process from raw hides to finished leather we have the competitive advantage to produce environmentally friendly leather. We have seen more brands which are interested and is moving towards environmentally friendly leather faster than ever. We hope that our shoe leather will gain traction among brands and become one of our core business.

The company has chosen to enter the furniture leather market. The furniture business has the first business to recover during the covid pandemic. Which is from the new movement of working from home which made the furniture industry one of the biggest markets in 2020. With our strength in production capacity, we are confident that we can satisfy our future customer and make furniture leather business one of our core business soon.

Our automotive business is still our core business. In the past year due to Covid situation production has been stop in the first half of the year. But business has since return and is showing good sign for the year 2021. Production is resuming and many car manufacturers has launch new model. While economy is still not strong, we hope the whole economy is becoming more stable.

The company main business is still the automotive industry and our production service. We hope that our new business will become successful soon.

The company is still constantly developing new product that can satisfy our customer constantly changing needs. We have brought in new technology which help us with cost and production quality. We aim to improve our business in sustainable way to the environment and the community. In the past year we have reduce our waste and has reuse our waste to make protein and has started to produce dog chew made from raw hides.

With our confidence in product development, we have received great feedback from our customer which result in many new opportunity and new business.

The dog chew business from raw hides which utilize leather by product to produce chewing toys for dog in variety of design. These come in many products such as knotted bone, press bone, cow ear, munchy sticks, and other products. We have research and develop to create product that match with the markets need. The pet market has been growing both in the domestic market and the international market even during the covid pandemic economy.

Our protein business from leather waste which is considered industrial waste. Our product can be utilizing in multiple industry. For example, in leather industry and agriculture industry. The company has launch Grow Plus a ready to use product for people who grow plants in their house to use. This is an innovation in the agriculture industry for ready to use product.

The company constantly find ways to improve better production process to reduce industrial waste. Due to the amount of dangerous waste leather manufacturing we aim to be the leader in being environmentally concern for a leather manufacturing.

Finally, on behalf of Interhides we would like to thank you all our customer, shareholders, employees, financial institution, and suppliers that has given us support in growing the business in a sustainable way and to grow our family to a great and bright future.

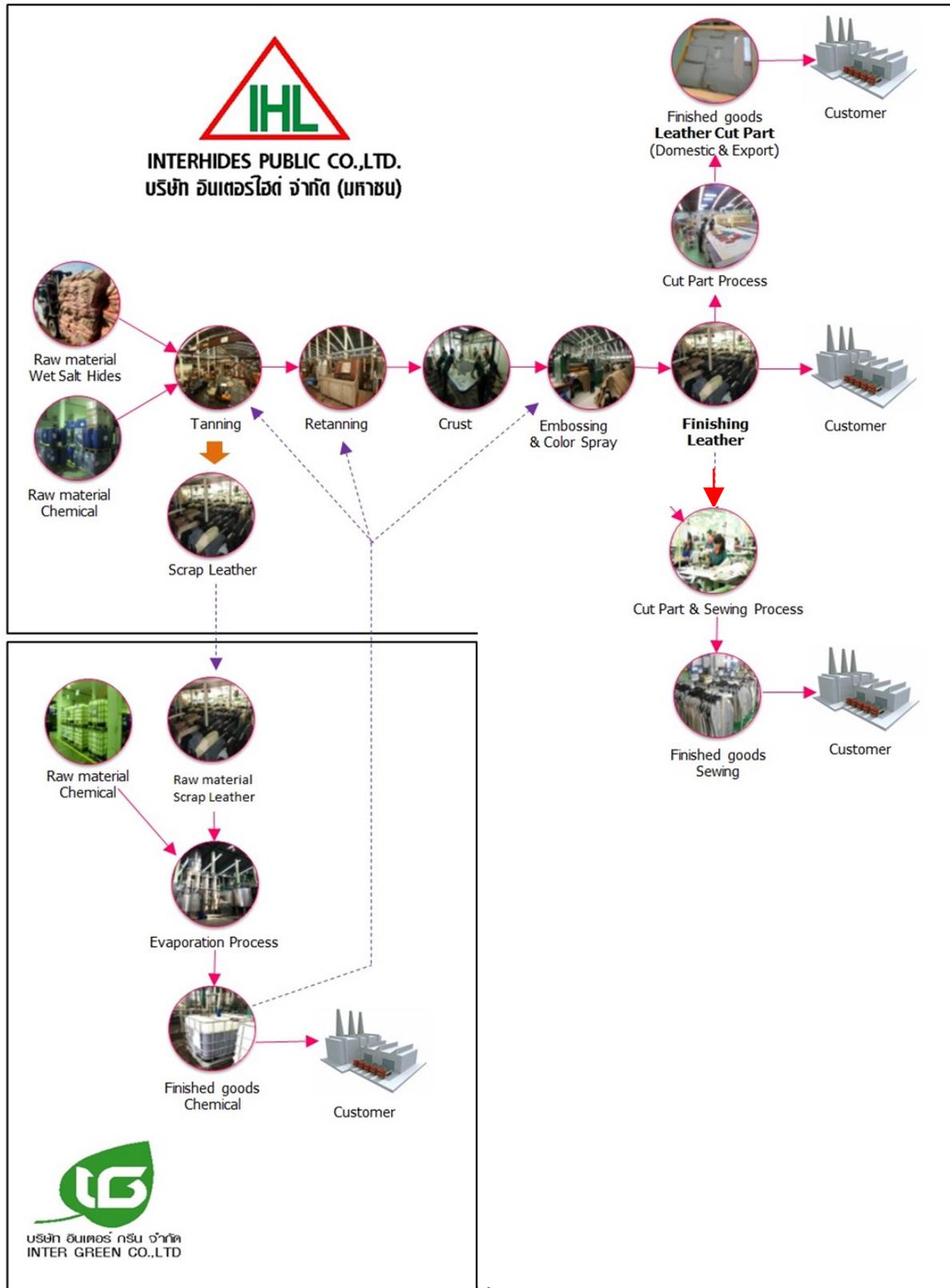
A handwritten signature in black ink, appearing to read 'Ongart', with a stylized flourish at the end.

(Mr. Ongart Thumrongsakunvong)

Chairman

## 5. Structure of business

### ความเชื่อมโยงทางธุรกิจ



The Interhides Public Company Limited group is managed business in the production and distribution and leather for car seats, trim cover, gear knob and steering wheel, cut parts, furniture, safety shoe using cow leather, buffalo leather and pig leather through tanning, dyeing, cutting or sewing into products using modern machines and new product of IHL such as Protein.

The main production lines of the company can be summarized as follows



## Product Characteristics

### 1. Tanning Service

With more experience in tanning industry than 75 years, including production of Wet Blue with high technology equipment, able to support capacity to 130 million square feet per year. Company get the Certificate LWG “Gold” Rate so customers can be assured that Wet Blue was produced will get quality according to customers’ needs.



Picture 1 : Tanning Service

### 2. Wet Blue

From a long-standing experience in the tanning industry, and being recognized from tanning service’s customer. As a result, the company has launched Wet Blue to the market under supervision of the company.



Picture 2 : Wet Blue

### 3. Finished Leather

Finished Leather of company can be divided into main products groups as follows: Finished Leather for Shoes, Finished Leather for Furniture, and Finished Leather for Automotive. Company able to produce both in the form of Chrome Leather and Chrome Free Leather.

#### 3.1 Finished Leather for Shoes

Company purchases cattle skins from domestic farmers, and research and development to make finished leather for shoes, with emphasis Chrome Free Leather. At the present company able to produced Lining Leather and Shoe Upper Leather.

#### 3.2 Finished Leather for Furniture

Company has developed Finished Leather Furniture to meet the customers' need in every faction. Whether Chrome Leather or Chrome Free Leather, Colors: One Tone or Two Tones Leather, and able to produce to follow the customer samples.

#### 3.3 Finished Leather for Automotive

Company cooperated with Car Maker Companies to develop the leather to pass the standard of Automotive Industry. In term of characteristics, quality, impression, luxurious in the users' point of view.



Picture 3 : Finished Leather

#### 4. Cut Parts

Beside to selling the Finished Leather, company can able to cut into pieces according to the pattern of drawing that customer's required. Most of them are assembly for Trim Cover, Steering Wheel, Gear Knob and Door Panels.



Picture 4 : Cut Parts

#### 5. Trim Cover

This is a business extension, by bringing a piece of leather (Cut Parts) to sew, and assemble to Leather Car Seat Cover by follow pattern as specified by customer. Company has brought modern equipment to Cut, Sew, Assembly leather upholstery. However, company emphasis of quality and characteristics that customers' needs.



Picture 5 : Trim Cover

## 6. Steering Wheel & Gear Knob

Steering Wheel & Gear Knob is a device that uses leather as component. The company has the ability to produce leather for steering wheel and gear knob. Including the ability to sewing and produce steering wheel and gear knob. Mostly, they're producing by another manufacturing operator.



Picture 6 : Steering Wheel & Gear Knob

## 7. Safety Shoe

Company's Safety Shoes has the Thai Industrial Standard no. 523-2554, which modern design and consider to safety first. Company bring the leather left over from cutting and sewing process to produce the safety shoe. The main property of the Automotive Leather is stronger than other leather types, also the color is suitable for Safety Shoe. As these results, can reduce the waste from the production line and environment pollution.



Picture 7 : Safety Shoe

## 8. Protein Product

The company see the problem of using scrap leather that have chromium as the main component. Which is an important issue of many tannery. The company has research and develop by using scraps leather from production extract into proteins for instead of using chemicals and reduce waste.



Picture 8 : Protein Product

## 9. Dog Chew Products.

Company has expanded new product that make from by-product. By bring the split skin to developed to Dog Chew Products. Through clean and safe processes in various forms, according to the market's popularity; Raw Hide Products (Knock Bones, Compression Bones, Hooves) and Crunchy Product: split skin is finely ground, mixed with flour, colored, flavored and then passed through a line of injection process. Company pay attention to both cleanliness and quality. Company has plan to apply for license Bureau of Livestock Standards and Certification by 2021.



Picture 9: Dog Chew Product

The company is certified to international standards IATF 16949:2016 from TUV Rheinland Group, Germany. As an organization that manage the business of manufacturing and selling leather products. Under the management of quality systems that are correct, in accordance with the requirements in the automotive industry quality management system in accordance with international standards IATF 16949:2016. Therefore, the company has sufficient potential to truly meet the needs of customers. The standard is considered the most modern and best standard for the automotive industry.

Other than Institutions in the international tanning leather industry group or Leather Working Group (LWG) Presented the Silver Rated certificate in 2014 and presented the Gold Rated certificate in 2016 - present. It is a symbol of excellence in sustainable environmental management that promotes environmentally friendly products. Meet the requirements of the rating criteria. And in March 2018, the company received the Innovative Entrepreneur of the Year Award (The Award of Innovation of the Year 2018) for business of the protein too.

The structure of company's business is contract manufacturing and made to order from customer. The company can produce to customer require about quality, feature or specialized products such as Anti-Stain Leather and Chrome Free Leather. Accepted, the company can accept production of all forms and all needs by developing products together with customers related to the automotive industry, furniture and others.

For automotive industry, the car maker as well as customers in other industries will determine which company will produce genuine leather for the product or use with cars in model life. The company must offer competitive prices with other operators. Including quality assurance in order to meet the standards of customers and car makers. The production capacity must be able to support the volume of orders and the duration of each product or model life.

After being chosen by the car maker or the customer, the company will start the business development alongside the car maker and seat maker and first tier original equipment manufacturer or 1st Tier OEM until the time the car is sold in the market. And the market, the period of time that such cars are produced and sold the company will receive an order. Production estimate and various information this is a close collaboration with First Tier original equipment manufacturer or 1st Tier OEM. The company therefore has the status of being a Second Tier Original Equipment manufacturer or 2nd Tier OEM.

Normally, car makers combine car production from many countries during the bidding period, so if the company is chosen to be the manufacturer of genuine leather for cars. The company will be able to export genuine leather products for that car model to seat maker in foreign country

## The Customer and target group

### 1. Automotive Industry

#### 1.1 Domestic Customer

The company was selected directly from the car maker that the company is able to produce leather for car seats and deliver the products to the car seat maker and cut parts for car or 1<sup>st</sup> Tier OEM, which is considered the main customer in the country. Customers can use the products of the company for sell in the country as well as being able to export internationally as component knock-down. So, the company has a main customer car seat maker and cut parts maker and has indirect customer are car makers.

#### 1.2 International Customer

Products exported to international will be sold directly to car seat maker and cut parts of car maker or 1st Tier OEM only such as Japan, Philippines, Indonesia, Malaysia, Vietnam, Pakistan, India, Egypt, etc.

### 2. Other Industry

Target customers in other industry groups include non-automotive and customers that the company offers service or made to order according to customer require. However, the company focuses on doing business with customers in other industries that are long term business only.

#### 2.1 Non-Automotive Customer

The company started this business in the first time by offer leather products to other customer such as furniture maker, dog chew maker, etc. However, it expanded its business in many products such as scraps leather from production into safety shoe, bag as well as leather products for special chair used in the cinema.

#### 2.2 Service Providing Customer

The company provides tanning, dyeing and leather production service for clients according to special order.

### Value and proportion of Domestic sales to foreign sales

Revenue (Million Baht)	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Domestic	819	61%	1,117	72%	1,091	46%
Export	515	39%	439	28%	1,299	54%
<b>Total</b>	<b>1,334</b>	<b>100%</b>	<b>1,556</b>	<b>100%</b>	<b>2,390</b>	<b>100%</b>

## **Product Policy**

With more than 30 years of experience in the leather industry, including more than 20 years of the car seat leather industry. The company confidence in the complete production process (Tanning) to final process (Sewing) with the potential to control production quality, so customer can be confident that they will get the quality products according to their needs in terms of colors, special features and designs. Including, the company confident to research and development of product. Especially, Environmentally safe products as Chrome Free Leather and new innovation as split Leather for response to customer demand.

## **Price Policy**

The company is complete leather manufacturer including there are modern machine that can control production cost well for the cost plus margin, the order quantity will be considered, business relationships with customer and industry competition. And for the car industry, the company considers the middle price that determines the policy of the automobile manufacturers. The company will indirectly offer price to automobile manufacturers to complete with genuine leather manufacturer for cars (2<sup>nd</sup> Tier OEM) and current there are 3-4 manufacturers in Thailand.

## **Distribution and sales channels policy**

The company has a marketing department responsible for Domestic marketing and International marketing. In the car industry, the company selling product for customer who are manufacturers of car seat and cut parts for cars (1<sup>st</sup> Tier OEM). Including found new customer both at domestic and foreign.

## **Competitive Strategy**

### **1. Production Strategy**

The company has researched and developed new products to make a difference and be a choice for customer. The company focus develop product for environment friendly and reduce pollution as Chrome Free Leather, Split Leather, Cool Leather, Anti-Stain Leather, etc. and still attach importance to product quality by set as company policy.

The company has been certificated IATF16949 from TUV Rheinland which accepted in the automotive industry and gold rate certificated in Leather working group (LWG) be accepted in the international leather industry.

The company can produce according to made to order and a team works professionally with car maker and car seat maker both in the section cut parts and trim cover. The company currently has a production capacity of 86.6 million square foot per year.

## **2. Service Strategy**

Customer satisfaction is a reflection of the company's work in product quality, product delivery and service. So, creating maximum satisfaction for customers is therefore the main goal of the company. Especially product delivery the company think that the customer's production line can't stop production if already planned. Therefore, the company has prepared production to support the increasing demand of customers. Including, the company cultivate employees to be aware of service mind all the time.

## **3. Price Strategy**

From economy in the current and structure of business, the company must offer prices to car makes. Before, being recruited the company therefore has continuous production development. To achieve a balance between quality and price the products still meet the standard that the customers require and able to maintain profit within the specified criteria.

## **4. Marketing Strategy**

The company gives important to customers and car users. The company has been a research and development team for new products to meet the needs of users and is an alternative for customers by working with car makers and car seats maker and car parts.

## **5. Maintaining relationships with customers Strategy**

The company attention to created relationships with customers. By creating satisfaction in products and services with fast response as well as follow-up from customers to benefit both parties (Win-Win Strategy) in the long term.

## **6. Human resource development and technology Strategy**

The company abide to the human resource development strategy with technology. So, abide to the performance of personal, creative thinking and work ability and support on the job training with a technology is a standard for learning and development to ensure quality production.

## **Research and Development**

The genuine leather has different qualities from other materials. Both soft and natural touch, value for money long. Although there are currently synthetic leather materials but don't compare to the genuine leather making genuine leather continuously popular. The company remain committed to research and development leather for the environment friendly product. The company developing leather able to endure heat for making various products that are used in countries with hot weather as well.

In the leather industry, product must pass the standards of car maker and test to Global Standard. A car maker will improve standard all time. So, research and development are the factor that the company places a high priority on. The company has plan to be one of the manufacturers of the genuine leather cut parts for the automotive trim industry in Asia. The company focus research and development in all time and there is investment in machine, test tool and support employee to training for to make research and development effective. Which will be a prototype for applying in production to have quality and save cost. Including, research and development new product for customers require.

The company has improve machine policy to modern and improve products for satisfied of customer by bring standard and provision of the a car maker is the standard to develop products refer to company's policy *"High development, High technology, On time delivery, Best quality of product"* The company has research and development as follow:

### **1. Research and development scrap leather from production for international standard**

The company opened a subsidiary company is "Inter green Co.,Ltd." in 2016, which is a manufacturer Protein Hydrolysate product from scrap leather and can reuse in the production to chemical. Including, Protein Hydrolysate is the first product that the company has already implement. The next, research and development from Protein Hydrolysate to standard for to be accepted in the other industry. Especially, developed for use in the agriculture industry.

### **2. Research and development raw materials use in production for develop to Collagen Dipeptide**

The company has idea value added raw materials use in production which raw material will be destroyed without profit. The company has learned and researched that can use raw material in production extract to Collagen Dipeptide and test with standard institution for control quality use in the food industry and other industry in the future.

## **Industry and competition (Industrial competition)**

In 2020, there will be an event that affects the entire world. Both in terms of health, economy, work, daily life That is, the COVID-19 situation all over the world have taken similar measures, such as spacing, that needs to be adjusted in order to continue living. Three masks, fever measurements, reduce gatherings or in crowded places. Until the lockdown in different countries or cities. To control the spread of pathogens Which affects a wide range, there is a time off from work at home Early retirement Until the break from the employee in order to reduce the size of the organization, reduce the size of the enterprise, but there are many companies that cannot continue to operate until they have to dissolve. The population has decreased incomes or no income Thus making it no longer the ability to shop. That changes the supply and demand chains. It started from within the country and threatened international trade. Of course, the tanning industry was not exempt from being affected as well. This can be seen from the amount of imported salted films from the United States of Thailand for the year 2020 (until the 5th of November), decreased to 549,600 characters compared to 2019. Ages at 1,161,600, down more than 50 percent. (Refer: United States Department of Agriculture, Foreign Agriculture Service) (Source: United States Department of Agriculture, Foreign Agriculture Service) of the figures above. It could indicate that there are many tannery factories in Thailand that need to be stopped or shut down.

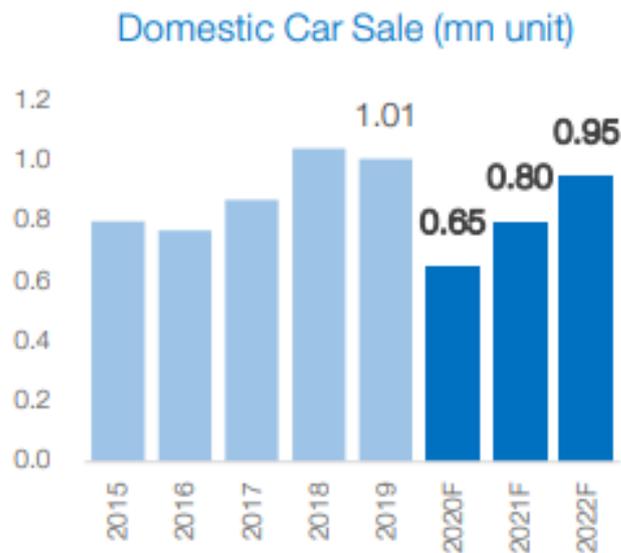
In a crisis, there is always a chance. The domestic salty skins that were sent to the closed tannery. There are surpluses in the market Causing the price of salted movies in the country to drop significantly and affect to agriculture, cattle-buffalo farming the company has therefore helped to purchase salty films in the country. At a reasonable price to help agriculture and cattle farming industry - buffalo It has been used to produce leather lining, shoes (lining), food products - dog toys (Dog Chew) sold both domestically and exported to foreign countries. Especially in Vietnam

If you are looking for a factory that produces good shoes, Vietnam is a country that you should not overlook. In 2019, Vietnam exported a total of 883,000,000 pairs of shoes to overseas (more than 70 countries). 75,000,000 pairs are cloth shoes and 883,000,000 pairs are leather shoes. It shows that more than half of the world uses shoes made in Vietnam. Even with the COVID 19 situation, it is estimated that the footwear industry will grow 10% and export value will remain at 25,000,000,000 USD as a result of two big shoe camps. Adidas and Nike move production from China to Vietnam. That would then show that the shoe industry still has a bright future. Able to support continuous growth

Refer: <https://www.cosmosourcing.com/>

## Thai automotive industry

Due to the crisis spreading virus COVID-19 around the world today. Affect the Thai automobile industry in various aspects, whether it is causing the economic recession in Thailand. Make sales in the country is at 6.2-6.5 hundred thousand units, affecting the production of cars in Thailand this year to the lowest



source: FTI and TMB Analytics

Which in the years 2021 and 2022 have analyzed that the economy will gradually recover, respectively, sales are expected to be 8.0 and 9.5 hundred thousand units, with the following reasons:

- 1) The COVID-19 epidemic should be mitigated. Make activity way the domestic economy gradually Come back again
- 2) Car companies organize promotions to stimulate sales
- 3) consumer judgment incentives Because there is still a need to change to a new car as the average car age on the road increases Most of which are cars that come from the project First car and
- 4) want to switch to a new technology car

However, there will be more competition in the automobile industry. Which manufacturers will release new car models Come out to compete With the introduction of new technologies such as safety driving performance enhancement systems Intelligent driving system to increase the convenience of the driver Including having a car Various types of fuel economy, including Hybrid

EV, Plug-in Hybrid, BEV are released to meet the needs of consumers in the next phase. The trend of the automobile market will be more of a consumer market.

In addition, the carmaker's strategy is to exercise caution in managing its stock at a level that is in line with consumer demand. Both at home and abroad to reduce the risk of loss when the economy is still fragile and does not recover fully. For the government's electric vehicle support policy, which has more than 10 manufacturers requesting to support investment in Thailand, it is estimated that the key to success of the electric vehicle project is that the price must not be high and must have a thorough electric charging station (Charging Station) We estimate that the Hybrid EV will take place before the PHEV / BEV because of the affordable price. And can also be used as an oil substitute

Refer : Thai pbs news : <https://news.thaipbs.or.th/content/292174>

TMB analytic :

[https://media.tmbbank.com/uploads/analytics\\_industry/file/media/661\\_file\\_th.pdf](https://media.tmbbank.com/uploads/analytics_industry/file/media/661_file_th.pdf)

## 7. Securities and Shareholders

### 7.1 Registered and Paid up Capital

(1) As of December 31, 2020, the Company had registered capital of Baht 594,998,274, of which Baht 592,805,637 was paid up, divided into 592,805,637 ordinary shares with a par value of Baht 1 each.

(2) Other types of shares

-None-

### 7.2 Warrants

-None-

### 7.3 Shareholders

The top ten shareholders as of December 31, 2020 are as follows:

<b>As of December 31, 2020</b>				
	<b>List</b>		<b>Number of shares</b>	<b>% per share</b>
<b>1.</b>	<b>Mr.Ongart Thumrongsakunvong Group</b>			
	Mr.	Ongart Thumrongsakunvong	172,178,431	29.04%
	Ms.	Kunvarin Veeraphuttivate	122,406,015	20.65%
	Ms.	Nirinya Veeraphuttivate	28,488,333	4.81%
	Mr.	Wasin Thumrongsakunvong	28,333,333	4.78%
	Mr.	Warit Thumrongsakunvong	28,333,333	4.78%
	<b>Total shares Mr.Ongart Thumrongsakunvong group</b>		<b>379,739,445</b>	<b>64.06%</b>
2	Modernform Group Public Co., Ltd.		28,230,500	4.76%
3	Thai NVDR Co., Ltd.		23,847,635	4.02%
4	Mr.	Chaiyaporn Wongsanganan	8,400,000	1.42%
5	Mr.	Thaksa Busayapoka	3,227,000	0.54%
6	Muang Thai Life Assurance Public Company Limited		2,520,000	0.43%
7	Mr.	Kornwit Suputiphong	2,500,000	0.42%
8	Mrs.	Wanlapa Thuanawarat	2,473,160	0.42%
9	Mr.	Kitti Busayapoka	2,466,800	0.42%
10	Mr.	Thanakorn Saikou	2,198,100	0.37%
	People and other shareholders		137,202,997	23.14%
	<b>Total shares</b>		<b>592,805,637</b>	<b>100.00%</b>

**A group of major shareholders to influence policy making, management or operation of the company.**

-Mr. Ongart Thumrongsakunvong has sent three representatives to be Mr. Ongart Thumrongsakunvong, Miss Chutima Busayapoka and Mr. Wasin Thumrongsakunvong.

#### **7.4 Dividend Payment Policy**

The Company has a policy to pay dividends to its shareholders every year at the rate of not lower than 40 % of the net profit. Considering factors for the dividend payment are such as: the Company's operating results and financial position, liquidity, expansion plan and other management-related factors. Any dividend payment is also subjected to the approval(s) of the Company's Board of Directors and/or Shareholders' Meeting.

As for the dividend payment policies of its subsidiaries, the subsidiaries pay the dividend from their net profits, taking considered factors as such their operating results, financial positions, liquidity, expansion plans and other management-related factors.

Details of Dividend Distribution in the past 5 years are as follow:

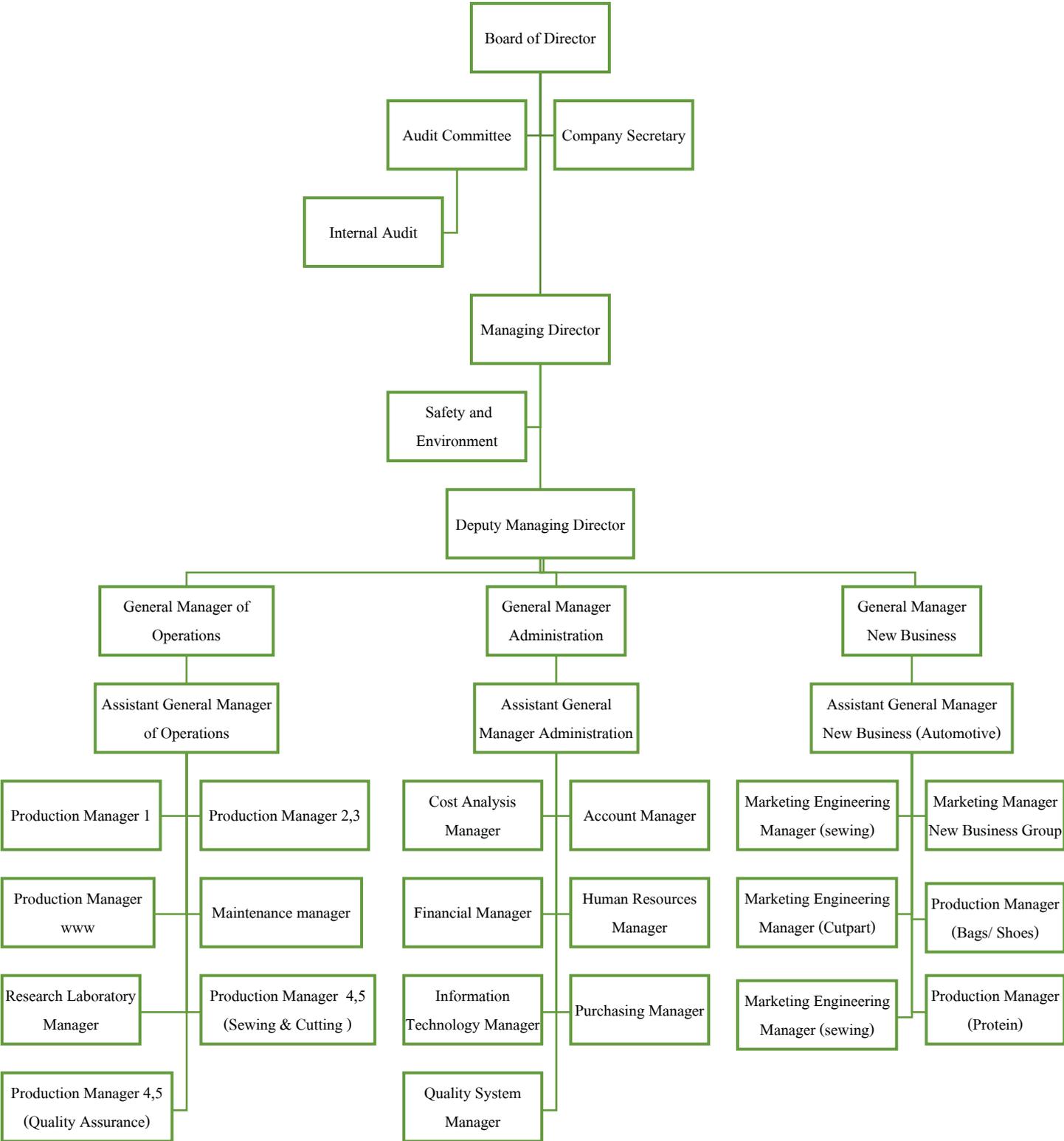
<b>Year</b>	<b>Interim Dividend (Baht/share)</b>	<b>Final Dividend (Baht/share)</b>	<b>Annual Dividend (Baht/share)</b>	<b>Dividend Payout Ration on net profit (%)</b>
2015	0.15	0.10	0.25	52.08%
2016	0.19	0.15	0.34	85.94%
2017	0.18	0.32	0.50	86.21%
2018	0.20	0.30	0.50	92.59%
2019	0.15	0.10	0.25	100.00%
2020 <sup>(1)</sup>	0.00	0.00	0.00	0.00%

Remark :

(1) The Board of Directors resolved to propose the annual general meeting of shareholders on April 20, 2021 to approve the cancellation of the dividend payment for the year 2020

# 8. Management Structure

## 8.1 Organization Structure



## Composition of the Board of Directors

The Board of Directors comprises respected, knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making both short-term and long-term operating plans, financial policy, risk management policy and organizational overview. The Board of Directors plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

The corporate structure comprises 5 committees: Board of Directors, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee.

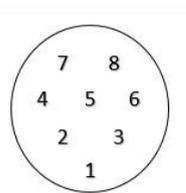
### The Sub-committees

Name	Board of Directors	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr.Ongart Thumrongsakunvong	Chairman	Chairman	-	-	-
Ms. Kunvarin Veeraphuttivate	Director	Director	-	-	-
Mr.Somchart Limpanuphap	Director	-	Chairman	Director	Director
Mr.Chor.Nun Petpaisit	Director	-	Director	Chairman	-
Mr.Somyot Akapaiboon	Director	-	Director	-	Chairman
Mr.Ouychai Matitanaviroon	Director	-	-	Director	Director
Mr.Thaksa Busayapoka	Director	-	-	-	-
Mr.Niti Nerngchamnong	Director	-	-	-	-
Mr.Wasin Thumrongsakunvong	Director	-	-	-	-

Among the Board of Directors, two have been appointed as authorized directors, namely, Mr. Ongart Thanrongsakunvong and Ms.Kunvarin Veeraphuttivate. Both of authorized directors are authorized to sign jointly on behalf of the Company.

The Board of Directors is comprised of 6 non-executive directors and 3 executive directors. The executive directors are Mr. Ongart Thamrongsakunvong, Ms.Kunvarin Veeraphuttivate and Mr. Wasin Thunrongsakunvong.

The three independent directors are Mr. Somchart Limpanuphap, Mr. Chor. Nun Petpaisit and Mr. Somyot Akapaiboon, constituting a third of total Board of Directors. In addition, the independent directors meet all requirements specified in the Company's list of qualifications of an independent director and are qualified in accordance with the rules and regulations of the Securities and Exchange Commission.



## 8.2 The Board of Directors

As of December 31, 2019, The Board of Directors comprises 9 members as follows:

Name	Position
1. Mr.Ongart Thumrongsakunvong	Chairman
2. Mr.Somchart Limpanuphap	Director
3. Ms.Kunvarin Veeraphuttivate	Director
4. Mr.Chor.Nun Petpaisit	Director
5. Mr.Somyot Akapaiboon	Director
6. Mr.Thaksa Busayapoka	Director
7. Mr.Niti Nerngchamnonng	Director
8. Mr.Wasin Thumrongsakunvong	Director

## **Roles, Duties and Responsibilities of the Board of Directors**

In order for the Company to gain strength where good corporate governance is concerned and to ensure utmost efficiency of and benefit to the Company, the Board of Directors is responsible for proactive roles and duties, as well as the determination of direction and supervision as follows:

1. Discharge their duties and supervise the operation of the Company to ensure strict compliance with laws, objectives, articles of association, and resolutions of the Annual General Meeting while adhering to the "Code of Best Practice for Directors of Listed Company" principles as issued by the Stock Exchange of Thailand.
2. Dedicate time to and recognize the significance of the vision, mission, direction, and strategies of the Company by jointly and openly sharing opinions, as well as seeking information benefit to the determination of the direction which the Company should take.
3. Review and approve key strategies and policies, as well as the financial objectives and operational plans of the Company. Regularly supervise and monitor the management to encourage compliance with the established operational plans in accordance with the direction and the strategies of the organization in order to ensure that the management is capable of efficiently delivering results from the established vision, mission, direction, and strategies.
4. Establish a corporate governance and business code of conduct policy which provides for preferred practices of Directors, the Management and all Employees including Contract Staff. This policy should focus on the awareness of responsibility to one's duties. Complete understanding and strict observance of this policy must be required alongside the Company's articles of association in order to ensure fairness to all stakeholders.
5. There are responsibility to act with sufficient capacity and performance.
6. Implement a credible accounting system, financial reporting and audit. Provide for a procedure with which the suitability of internal control and audit systems can be efficiently evaluated.
7. Review possible major risks and establish a comprehensive risk management guideline. Ensure that the Executives have the efficient risk management systems or procedures, seek potential business opportunities arising from such risks and implement sufficient and efficient internal controls.
8. Manage and resolve potential Conflicts of Interests and Related Transactions by reviewing significant transactions in order to ensure utmost benefit to the shareholders and stakeholders.
9. Arrange for appropriate channels of communication with each group of shareholders. Supervise disclosure of information in order to ensure correctness, coherence, transparency and credibility of the highest standards.
10. Regularly evaluate one's own performance and discharge of duties, as well as those of the Managing Director.
11. Arrange for an appropriate system or mechanism for the determination of compensation for the Executives of the Company which corresponds with their performance in order to create short-term and long-term motivation.
12. Lead and be the role model of a performing and ethical individual in accordance with the Company's corporate governance policy.

13. Provide for a suitable, transparent and fair nomination system for individuals to assume all executive positions.
14. Notify the Company of the connected transactions of oneself and affiliated entities in the management of the Company or a Subsidiary.
15. All Directors are required to attend every Board of Directors meeting and Annual General Meeting. In the event where they are otherwise engaged, Directors must report that to the Chairman of the Board of Directors.
16. Directors must value the conduct of business which is responsible to the society and environment, and which contributes to the sustainability of Thailand. This is first done by improving the quality of life of people in communities surrounding our own plants in order that communities and plants may co-exist in the most sustainable manner possible.
17. To support the company's Anti-corruption procedures for sustainable growth.

### 8.3 The Executive Directors

As of December 31, 2020, there are 2 Executive Directors as follows:

Name	Position
1. Mr.Ongart Thumrongsakunvong	Chairman
2. Ms.Kunvarin Veeraphuttivate	Member

#### Roles, Duties and Responsibilities of the Director

1. To set up business plan, targets, strategies, operations plans, annual budget and administrative powers to propose to the Board of Directors for approval.
2. To oversee business performance operation according to the policies of the Company, targets, business strategy, and budget as approved by the Board of Directors in an efficient manner and corresponding to the condition of the business as well as provide consultant and recommendation, to management.
3. To consider and approve capital expenditure or financial transaction with financial institutions for open account, borrowing or seeking credit facilities, mortgage, loan guarantees and other activities, including any trading/ registered land transactions in the normal course of business under the defined Company's budget.
4. To establish an organization structure and efficient management and administration, covering recruitment, training, hiring and termination of employees, who are executives or senior management. The Executive Committee may authorize Managing Director or Deputy Managing Director to act on behalf of the Company in signing the employment agreement.
5. To supervise, control and approve matters relating to the operations of the Company. The Executive Committee may appoint or authorize one or more persons to take any action on behalf of the Executive and Strategy Committee as it may deem appropriate and may terminate, change or amend such authority.
6. To scrutinize all pieces of work presented to the Board of Directors, with the exception of ones under responsibilities and/or authority of other Sub-Committees who scrutinize their pieces of work and directly present them to the Board of Directors
7. To carry out other duties as assigned by the Board of Directors.

However, in the granting of powers, duties and responsibilities, the Executive Director shall not be granted or sub-grant power to a grantee that causes the Executive Director or the grantee to approve transactions in which the Executive Director or the grantee, or any

person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders. Meeting as the case may be, for approval, as required by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transactions is consistent with normal business practice and has a clearly defined scope.

#### **8.4 Audit Committee**

As of December 31, 2020, the Audit Committee consists of 3 members as follows:

<b>Name</b>	<b>Position</b>
1. Mr.Somchart Limpanuphap	Chairman
2. Mr. Chor.Nun Petpaisit	Member
3. Mr. Somyot Akapaiboon	Member

Mr.Poobaize Benjasiriworakul is the secretary of the Audit Committee.

#### **Duties and responsibilities of the Audit Committee**

1. To review financial reports to ensure their accuracy and adequacy.
2. To review the internal control system and audit functions to ensure their appropriateness and effectiveness and review the sufficient independence of the internal audit, and provide opinions for the appointment, transfer, and promotion of heads of the internal audit or other offices with responsibilities for internal audit activities.
3. To review the Company's operations and activities to ensure their compliance with the Securities and Exchange Act, SET regulations and other applicable laws to the Company's business.
4. To consider and propose for the persons with independence of performing the duties of external auditors for the Company, purpose the remunerations, and arrange the meeting with external auditors at least once a year without the presence of the Company's management.
5. To review the connected transaction or transactions with potential conflict of interest to be in compliance with laws and requirements of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable and provide the best benefits for the Company.
6. To prepare and disclose the audit committee reports in the annual reports which must be signed by the Chairman of the Audit Committee. The report should consist of:
  - a) Opinions about the process of conducting and disclosing information in the Company's financial report as well as its accuracy, completeness and reliability.
  - b) Opinions about the sufficiency of the Company's internal control system.

- c) Opinions about the compliance with laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business.
  - d) Opinions about the appropriateness of external auditors.
  - e) Opinions about transactions with potential conflict of interest.
  - f) Number of meetings to be convened by the Audit Committee and meeting attendance of each Audit Committee member.
  - g) Opinions or general findings obtained by performing its duties in accordance with the Audit Committee Charter.
  - h) Opinions about other matters that should be inform to general shareholders and investors under the scope of duties and responsibilities assigned by the Board of Directors.
7. In performing the duties, if the Audit Committee finds or suspects that there is a transactions with conflict of interest, a fraud case, an irregularity, or deficiency of a significant magnitude in the internal audit system or any violation of laws and regulations related to Securities or the Stock Exchange or any laws related to the business of the Company which may significantly affect the financial position and the performance of the Company, the Audit Committee is required to submit a report to the Board of Directors for improvement or correction within a timeframe considered appropriate by the Audit Committee.
8. To perform any acts as assigned by the Board of Directors of the Company together with and approval and under the scope of duties and responsibilities of the Audit Committee.

## 8.5 The Remuneration Committee

As of December 31, 2020, there are 3 members as follows:

Name	Position
1. Mr. Chor.Nun Petpaisit	Chairman
2. Mr.Somchart Limpanuphap	Member

### Duties and responsibilities of the Remuneration Committee

1. To determine guidelines and methods for paying remuneration and propose fair and reasonable remuneration of Directors and Sub-Committees to the Board of Directors and Shareholder Meeting for approval.
2. To propose the approach for evaluation and remuneration of Managing Director and Deputy Managing Director to IHL's Board for approval.
3. To acknowledge and recommend the re-structuring of the Company and its departments, including appraisalment and remuneration of Managing Director and Deputy Managing Director.
4. To possess direct responsibility to the Board through their specific areas. The Board is ultimately responsible for IHL business matters to all its stakeholders.
5. To report the outcome of the Remuneration Committee operation in the annual report
6. To perform other Board-assigned tasks.

## 8.6 The Nomination Committee

As of December 31, 2020, there are 3 members as follows:

Name	Position
1. Mr. Somyot Akapaiboon	Chairman
2. Mr. Somchart Limpanuphap	Member

### Duties and responsibilities of the Nomination Committee

1. Determine the procedures and regulations on selection of Directors or Managing Director to ensure the transparency.
2. Select persons who deserve to be nominated as the new Directors or Managing Director.
3. Propose qualified person(s) to be elected in specific committee to the Board of Director for approval.
4. Responsible directly to the Board of Director via roles and responsibilities for all stakeholders.
5. Perform other duties as assigned by the Board of Directors.

According to the Good Corporate Governance, the Company has granted the shareholders to propose the qualified candidate(s) to be the Director(s) within January 18, 2019 and the Nomination Committee will initially review and propose to the Board of Directors and the Shareholders Meeting for approval. Qualifications for the Director are as below:

- (1) Comply with Public Limited Company Act, B.E. 2535 and Securities Law and Stock exchange and good corporate governance
- (2) Capable, knowledge, ability and independence with duty of care and duty of loyalty. Able to dedicate to the company's with honesty. A healthy body and mental integrity and be creative in the conference. A straightforward person and working with ethics and morality as well as a acceptable person by society.
- (3) Be specialize in one of the way either in business field, accounting and finance, strategic management, good corporate governance or law and regulations.

The Nomination committee vivid consider and qualified candidates and proposet to the Board of Director and the shareholder meeting for approved.

The election of director by the shareholders meeting shall be in accordance with the following rules and procedures:

- (1) A shareholder shall have one vote for one share.
- (2) Each shareholder shall use all his or her votes under (1) to elect one or several persons as a director. However, he or she may not divide his or her votes among candidates.
- (3) The persons who receive the most votes in ranking order will be elected as directors until all the director positions are filled. In case the persons being elected in descending order are tied but their election will exceed the number of director positions available, the chairman of the meeting shall have a casting vote.

At each annual general meeting of shareholders, one-third of the Company's directors shall retire in rotation. Should the number of directors to retire in rotation is not a multiple of three, the number of directors closest to one-third (1/3) of all directors shall retire.

In the first and second year of the registration of the Company, directors retiring from office shall be selected by drawing lots. In subsequent year the director who has held office longest shall retire. A director who vacates office may be re-elected.

### 8.7 Attendance of each committee member in 2020

Name	Board of Directors	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
	Number of Attendance/Total Meeting				
Mr.Ongart Thumrongsakunvong	7/7	-	-	-	1/1
Ms.Kunvarin Veeraphuttivate	7/7	-	-	-	1/1
Mr.Somchart Limpanuphap	7/7	4/4	1/1	1/1	1/1
Mr.Chor.Nun Petpaisit	6/7	3/4	1/1	-	1/1
Mr.Somyot Akapaiboon	7/7	4/4	-	1/1	1/1
Mr.Thaksa Busayapoka	7/7	-	-	-	1/1
Mr.Niti Nerngchamnong	6/7	-	-	-	1/1
Mr.Wasin Thumrongsakunvong	7/7	-	-	-	1/1

### 8.8 Definition of Independent Director

“Independent Director” means the director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly. The qualifications of the Independent Director are as follows:

1. Hold share not more than 1% of paid up capital of the Company, Affiliates Company, joint company, associated company, including the shares held by the related person.
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.
3. Being independent from the executives and major shareholders of the Company. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.

4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, Affiliate Company, joint company, company or major shareholder of the Company.
5. Must not be related person or relatives of the executive or major shareholders of the Company.
6. Capable to perform his duty and express opinion or report result of duty performing independently as assigned by the Board of Directors, and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
7. No other character that causes the inability to give opinion to operation of the Company independently.

## 8.9 The Management Team

As of December 31, 2020, there are 6 members as follows:

Name	Position
1.Mr.Ongart Thumrongsakunvong	Managing Director
2.Ms.Kunvarin Veeraphuttivate	Deputy Managing Director (Operation)
3.Ms.Wanvisa Thumrongsakunvong	General Manager
4.Mr.Wasin Thumrongsakunvong	General Manager Marketing / Quality Assurance / Production
5.Mr.Warit Thumrongsakunvong	Assistant General Manager - Marketing
6 Mr. Chatchai Lertnaisat	Chief Finance Officer
7 Mrs. Malintip Lavichant	Assistant General Manager
8 .Mr.Hironori Ide	Assistant General Manager - Marketing
9 Ms. Hathaitip Wittayawatcharin	Assistant General Manager

## 8.10 Company Secretary

### Roles and Responsibilities of Company Secretary

In compliance with the Securities and Exchange Commission act (No.4) 2008 Section 89/15 and 89/16, The Board of Directors has appointed Ms.Nirinya Veeraphuttivate to performing as corporate secretary; which has the following roles and responsibilities:

1. Arranging meetings for the Board of Directors, Management Committee and AGM as well as coordinate to ensure that all resolutions have been implemented and complied with the Company's Articles of Association.
2. Ensuring the compliance of the Company and the Board of Directors with the relevant laws, rules & regulations, resolutions of both the Board and AGM's meetings including corporate governance practices.

3. Providing support for Directors and Executives to attend training courses in their relevant areas.
4. Arranging Director's training/briefing for newly appointed Directors.
5. Informing Directors and Executives of any changes in regulations related to them.
6. Evaluating the performance of the Board of Directors.
7. Preparing and keeping important documents of the Company.

## 8.11 Directors and Management Remuneration

### 8.11.1 Monetary Remuneration

In 2020, Company paid remuneration total of Baht 19.94 million. The remuneration is paid to the Board of Directors and the Management as follows:

#### 8.11.1.1 Directors' remuneration

The Company has clearly defined the director remuneration policy and suitable with the responsibility. There are Nomination Committee and the Remuneration Committee are considered and proposed to the Board of Directors for consideration in various aspects. Include consideration of size, business expansion, profit's growth of the company. The compensation of the company is same level of industry. Directors' remuneration will pay on a monthly basis.

In 2020, The company paid a monetary remuneration to directors. Total amount 3.18 million baht was

- Remuneration for the Board of Director: 1.68 million baht
- Remuneration for the Audit Committee: 1.5 million baht

Name			Board of Director (Baht)	Audit Committee (Baht)	Total (Baht)
1	Mr.Ongart	Thumrongsakunvong	480,000	-	480,000
2	Ms.Kunvarin	Veeraphuttivate	300,000	-	300,000
3	Mr.Somchart	Limpanuphap	300,000	240,000	540,000
4	Mr.Chor.Nun	Petpaisit	300,000	180,000	480,000
5	Mr.Somyot	Akapaiboon	300,000	180,000	480,000
6	Mr.Thaksa	Busayapoka	300,000	-	300,000
7	Mr.Niti	Nerngchamnong	300,000	-	300,000
8	Mr.Wasin	Thumrongsakunvong	300,000	-	300,000
<b>Total</b>			2,530,000	600,000	3,180,000

#### 8.11.1.2 Management benefit expenses

The Company has the criteria to pay management remuneration in line with the operating results of company, knowledge, ability and performance of each person. It will take into account the principle of fairness and adequate and appropriate remuneration to retain the qualified management. Also, it motivates them to work with quality and good standards.

Appropriate to duties and responsibilities assigned. Management compensation consists of salaries, bonuses and other.

In 2019, The company paid management remuneration. The total amount 16.76 million baht

### 8.11.2 Non-monetary remuneration

Company has set up a provident fund. Employees send money as voluntary contributions and company contribution at the same rate is 2 percent of the salary. For this registered fund, managed by a licensed fund manager. Comply with the requirements of the Provident Fund Act, 1999.

In 2020, company contributed to the provident fund for 6 management members. The total amount 84,566.66 million baht.

Other benefits provided to employees consist of Health insurance and group insurance, Annual health check according to the test plan divided by employee's age range. Assist in the funeral of the employee's family, uniform, annual holidays and gala.

### 8.12 Changes in Securities Holding of Directors and Executives

No.	Name	Ordinary shares of Interhides Public Company Limited		
		as of January 1, 2020	as of December 31, 2020	Increase /(decrease) During the accounting period
1	Mr.Ongart Thumrongsakunvong	153,806,831.00	172,178,431.00	17,204,500.00
2	Ms.Kunvarin Veeraphuttivate	122,406,015.00	122,406,015.00	-
3	Mr.Somchart Limpanuphap	850,000.00	850,000.00	-
4	Mr.Niti Nerngchamnong	116,666.00	116,666.00	-
5	Mr.Thaksa Busayapoka	2,227,000.00	3,227,000	1,000,000.00
6	Mr.Wasin Thumrongsakunvong	28,333,333.00	28,333,333.00	-
7	Mr.Somyot Akapaiboon	30,300.00	30,300.00	-
8	Mr.Chor.Nun Petpaisit	-	-	-
9	Ms. Nirinya Veeraphuttivate	28,333,333.00	28,488,333.00	135,000.00
10	Mr.Warit Thumrongsakunvong	28,333,333.00	28,333,333.00	-
11	Mr. Chatchai Lertnaisat	-	-	-
12	Mrs. Malintip Lavichant	-	-	-
13	Mr.Hironori Ide	-	-	-
14	Ms.Hathaitip Wittayawatcharin	132,800.00	132,800.00	-

## Remarks

1. Interhides PCL.'s registered capital Baht 594,998,274, and paid up Baht 592,805,637 (592,805,637 shares)
2. The Noticication of Capital Market Supervisory Board No. TorChor. 23/2551, "Executive" means a manager or a person holding a management position who is equivalent to the manager. This includes persons holding managerial positions in the accounting or finance field at managerial level or higher.
3. The rules of the SEC, Company's shares held by directors and executives, include shares held by spouses and minor children.

## **8.13 Personnel**

The Company emphasize the value of employees and is considered to be a great asset to the existence and growth of the organization. The Company has a policy to continually develop knowledge and promote employees' potential by encouraging management and employees to develop knowledge, skills, potentials needed to work in present and future, trained and seminars, by both within the organization and external institutions that specialize in specific fields. All employees are encouraged to learn new things in order to adapt to different situations. It will promote and support the ability of organizations and to cope with the rapidly changing environment.

Beside this, managers at all levels play an important role in creating learning opportunities and supporting employees by being coaches and mentors to work together to succeed in responsible and growing together.

At the end of 2020, there are employed 765 people who work for company and subsidiaries. In 2020 The company paid employees a total 161.91 million baht. The remuneration was salary, overtime, dignity, bonus, social security fund. provident fund and other benefits

Beside this, the subsidiary company, Inter Seat Cover Co., Ltd., paid compensation to employees in the same manner as the company total 7.55 million baht.

<b>Employee</b>	<b>Interhides Public Company Limited</b>	<b>Inter Seat Cover Company Limited</b>
Worker	501	34
Staff	264	-
Total	765	34
Salary (million baht)	161.91	7.55

## 9. Corporate Governance

Interhides Public Co., Ltd., appreciate that the operating principle of good corporate governance and business ethics, transparency and accountability that is fundamentally important factors to achieve the mission of the Company as “Focus on good governance and adherence to corporate social responsibility”. Enhanced performance to be transparent, and make the confidence to shareholders and stakeholders, as well as the increased competitiveness of the Company. The Company has published corporate governance’s policy and practices through the company’s website: [www.interhides.com](http://www.interhides.com)

The Company’s objective is to promote to be a powerful organization in the tanning business with corporate governance and good management. Our focus is to maximize the benefit to shareholders and stakeholders. The Company has the moral, the transparent and verifiable. The Company set up the good governance’s policy, which The Executive Committee and Employees adhere to following as detail below:

1. Treat all stakeholders equally, with fairness.
2. Responsibility for our decisions and actions, able to clarify and explain about the decisions.
3. There are responsibility to act with sufficient capacity and performance.
4. There are vision to creating value add to the organization in the long term.
5. Ethics in business is the management structure, the relationship between the Board, management and shareholders equally and fairly.
6. Transparency in the operation can be monitored and transparent disclosure to those involved.

The Company recognizes its responsibility in the tanning business, which need to rely on natural resources and environment very well, to prevent and reduce the impact that may occur. Besides these, The Company instill the concept and practice to human resources to focusing on themes of good corporate governance, which activates a critical foundation for stable and sustainable growth of the organization.

### 9.1 Compliance with the principles of corporate governance.

#### 9.1.1 Rights of Shareholders

The Board of Directors are focusing on the protecting the rights of shareholders by without any action which would violate or infringe the rights of shareholders. And The company has set up a policy and public through the company’s media, support and facilitate the shareholders to exercise the right issues. Even the fundamental right under the law, and the right to receive the important information, the right to proposal to the annual general meeting of shareholders (AGM), nominate individuals who deserve to be elected as company’s committee and submit question in advance of the AGM. As well as the right to attend and vote at the AGM. Also requiring the improvement and development of such exercise for the benefit of its shareholders regularly.

(1). Require the Annual General Meeting of Shareholders within four months after the end of the financial year. If there is an urgent need to consider at a special session that may impact or relate to the interest of shareholders, which must be approved by shareholders. Board of Directors can call an extraordinary meeting of shareholders.

(2). Publish the Notice of Meeting, Agenda of the Annual General Meeting of Shareholders, Opinion of the committee, Proxy all Type consist of type A, type B and type C (For foreign shareholders who appointed custodian in Thailand Only) as prescribed by the Ministry of Commerce including information for consideration of the agenda via the company's website at least 30 days in advance of the shareholders' meeting prior to sending the meeting invitation to the shareholders. Along with details of the agenda and necessary information for the Board's consideration, the last minutes of the meeting, the annual report, proxy and specify the method of proxy and other related meeting documents and delivery to shareholders at least 21 days prior to the meeting date. To provide shareholders with sufficient, accurate, complete information, the Company announce in both Thai and English newspapers for 3 consecutive days prior to the meeting date at least 3 days in order to notify the meeting of shareholders in advance for the shareholders to prepare to attend the meeting.

(3). Facilitate to the shareholders at the meeting by equally. BY arranging reception staff and providing sufficient information and registration to attend the meeting. The company will be open for shareholders to receive the registration 1 hour before the meeting time. Company using BARCODE system to register for the convenience and speed of registration.

(4). Given the opportunity for shareholders to propose agenda items and nominate qualified persons to be elected director of the company. Also available for 30 days prior to the meeting.

(5). Submit the invitation letter about the Annual General Meeting of Shareholders, by specifying date, time and place of the meeting. Together with details of the agenda, objective and Board's opinion and the last minutes of the meeting, the annual report, proxy and specify the method of proxy and other related meeting documents and delivery to shareholders at least 21 days prior to the meeting date. To provide shareholders with sufficient, accurate, complete information. And announced in both Thai and English newspapers for 3 consecutive days prior to the meeting date at least 3 days in order to notify the meeting of shareholders in advance for the shareholders to prepare to attend the meeting.

(6). After the meeting, company reveal resolution of the Annual General Meeting of Shareholders and the results of the next business day of the Annual General Meeting were disclosed. By sending a letter to Stock Exchange of Thailand (SET) via the Electronic Listed Company Information Disclosure (ELCID) of the SET and disclose it on the company's website.

(7). Company has identified the directors' interests in the invitation letter. And in the shareholders meeting, if any member has any interest or involvement in any agenda. The

chairman of the meeting will inform the participants of the meeting prior to the consideration of the agenda and abstain on that agenda.

(8). The company an opportunity for shareholders to submit questions to the information on each item, or any other company. Days prior to the AGM via E-mail. : Companysecretary@Interhides.com or the address of the company. If the shareholders want more information. You can contact the company's secretary through the follows :

678 Soi T.J.C. Sukhumvit Rd. Tambon Bangpoomai Amphoe Muang Samutprakarn 10280  
Tel (662)028-9728-37  
Fax (662)028-9738-39  
E-mail: Companysecretary@Interhides.com

### **9.1.2 Equitable Treatment of Shareholders**

Shareholders to ensure with the company that there is equal treatment for all shareholders. Board of Directors has established a policy to supervise the company for equal treatment and protection of shareholders' rights in ensured in such matters as equal rights both major and minor shareholders in the shareholders' meeting, define equitable disclosure guidelines and also prevent conflicts of interest or use of internal information to benefit themselves by wrongly and good relationships with shareholders.

The Company will arrange the shareholders' meeting according to the agenda and The Company has a policy not to add an agenda without prior notice to the shareholders. The meeting time is sufficiently allocated. It also provides an equal opportunity for shareholders to comment and question in the meeting.

### **9.1.3 Role of Stakeholders**

Company's operations involves a wide range of stakeholders, from shareholders, customers, partners, competitors, government, employees, community, society and the environment which each group has difference need. Therefore, company has set a policy of responsibility for dealing with stakeholders in accordance with the needs of each group as follows:

**Treatment of Shareholders:** Company is committed to acting as a representative of the shareholders in conducting business transparently, reliable accounting and financial system. To maximize shareholder satisfaction, taking the company's long term growth and continuously return the appropriate level. By all member of Board of Directors and all employees work with honesty, and decide on any action with sincerity and fair to both large and small shareholders, and for the benefit of the most relevant group. Do not do anything in a manner that may cause conflict of interest to the company. Do not seek self-interest and do not disclose confidential information to outsiders.

**Treatment of Shareholders:** Company has policy as “On-time delivery of quality product with our advanced technology performance.” Commitment to customer satisfaction and confidence. People will get good quality products and services with the reasonable price. Continuous raise standards and maintain relationships, provide communication channels for customers to complain about quality of products. No unfair commercial terms are imposed on customers. Follow the agreement, terms, or conditions as transparently and equally to customers. Keep the confidential information is the importance policy and do not use that information for their own benefit and / or other stakeholders.

**Treatment of Partners:** Company consider equality and honesty in running a business and maintain benefit with partners. By strictly adhering to the laws and regulations that define them. There is a code of conduct for business, not asking, receiving or paying any interest as dishonest in trade with partners. Company strictly follow the partners’ conditions. In case of the condition cannot be fulfilled, must notify the partners in advance, to find the solutions. By using the principle of reasonableness and keep the partners’ confidential as serious. Including do not bring the partner information for own benefit and those involved.

**Treatment of Competitors:** Company treats competitors in accordance with international principles, under the framework of the law and fair competition rules. Company will operate under a fair competition framework without damaging the reputation of its competitors by alleged misconduct and attacked by unreasonable opponents.

**Treatment of Creditors:** Company will strictly comply with the terms and conditions of the creditors. Company will report the financial status to creditors with honesty, accuracy and timeliness as regularly. In case of the contract cannot be fulfilled must notify the creditors in advance, to find the solutions and prevent damage.

**Treatment of Employee:** Commit to develop the organization as learning organization, strengthen culture and working atmosphere, promote teamwork, fair returns, and security and maintain a working environment, pay attention to the development, convey knowledge and employee capabilities. Listen to any feedback and suggestions from all levels of employees as equally and equitably. Define and further cultivate corporate culture. Recognizing that all employees are an important and valuable part of our success, process and growth of the company. Manage human resources consistently and support business strategies / goals and system and process of human resources management are comparable to leading business. It is clear, transparent and fair in the same direction. By developing human resources as a corporate, commander and all employees.

- The organization will select and create talented people who have professional working behavior and develop their knowledge and ability to perform their duties continuously.
- The supervisor is responsible for planning, monitoring, and evaluating, providing feedback and support the development of employees equitably.
- Employees have the same opportunity to develop their skills and abilities.

The Company also provides fair compensation to employees, by career advancement, reward and motivation. It depends on the quality, achievement, attitude and employee potential. Encourage employees to have a quality of working life. Good safety and hygiene, keeping environment safe for life and property of employees.

**Treatment of Community, Social and Environment:** Company is responsible for the community, society and environment, both in terms of safety, quality of life and conservation of natural resources. Promote energy efficiency, beware of the quality of community and social life. By researching the process of waste disposal and reuse of industrial waste, to reduce industrial waste. Cultivate a sense of social responsibility and environmental responsibility. Among employees at all levels continuously and seriously.

**The importance of quality, security, safety, occupational health, the environment, and business continuity:** Company work with continuous standards, define and review policies for quality, security, safety, health, environment and business continuity. By all employees must work with quality, security, safety, health, environment and business continuity, to maximize efficiency, effectiveness and ultimate value to the physical, the property and the environment. Company will operate in every possible way to control and prevent losses in various ways. Due to accident, fire, injury or illness from work. Loss or damage to property security breach poor performance and the mistakes that occurred. As well as maintaining a safe working environment for employees, contributor and employees of the contractor, it is the responsibility of the management and employees to report the accident or incidence by following the steps. Ready to implement the emergency control and prevention plan. Ready for public relations and communication to build awareness among employees and raise awareness about quality, safety, health and the environment. It is a way of daily life of employees.

The Company has set a policy of Safety, Bio-environment and Energy Conservation, to be consistent with the motto of the company “On-time delivery of quality product with our advanced technology performance” as detailed shown below:

- (1) Strictly comply with the requirements of the law on safety, hygiene, environment and energy conservation. Include standard and other requirements. Strictly related Follow up and review the operation to develop and improve continuously
- (2) To promote the promotion of safety activities; participation in environmental protection. Including energy conservation to stimulate the consciousness of employees such as training, promotion, public relations. The environmental policy will be implemented and distributed to all employees at all levels.
- (3) Safety in work place, participation in environmental protection and energy conservation. It is the first responsibility of every employee.
- (4) All employees must cooperate in various projects. They have the right to make suggestions on how to improve their working conditions. Safety, health, environment and energy conservation.

- (5) To promote safe working conditions. Improve environmental management and energy conservation. Including the production process of the company, which continuously.
- (6) To deal with responsibility with protect workers and communities from emergencies. To ensure that you are prepared to handle the situation effectively. Include control over activities that affect the environment of the community, such as waste water treatment, waste management

All management levels must be a good example. To train and motivate employees to work in a sustainable, safe and environmentally responsible manner.

### **Contact stakeholder**

The company an opportunity to all stakeholders. Participate in feedback through the following channels. Suggestions will be collected. To report to the senior management and the Board of Directors, respectively.

Company secretary	Tel (662)028-9728-37
	E-mail : <a href="mailto:Companysecretary@Interhides.com">Companysecretary@Interhides.com</a>
Investor Relations	Tel (662)028-9728-37
	E-mail : <a href="mailto:Companysecretary@Interhides.com">Companysecretary@Interhides.com</a>

In order to provide information through the above channels, company has arranged the following

- (1) Employees or stakeholders can offer feedback through designated channels. By the relevant information with confidential and will be disclosed as necessary. Company has policy to protect complainant or the source. Complaints can have requested company to provide appropriate protection. Company cover protection measures by complainants, do not wait, if is likely to be damaged or unsafe
- (2) Company investigated complaints, basic facts with the process will be conducted in a rigorous manner in order to know the facts within 30 days. The progress of the report will be reported to the notifier if the information is provided.
- (3) If the offense is found to have actually occurred. Company will set up the committee to judge and consider penalties and report on corruption and complaints to the Audit Committee and the Board of Directors.

### **9.1.4 Disclosure and Transparency**

Disclosure of important information related to the company, both financial and non-financial information be fully operational, transparent, timely, and accessible through easy-to-access channels. Equality, reliable, Straightforward. It is sufficient for the investor's decision and does not conflict with the disclosure requirements of the regulatory authorities. In addition, important information also includes: Report of the Board of Directors and Subcommittees, Corporate Governance Policy and Compliance with policies.

To ensure that important information is relevant to the company to be fully disclosed, transparent, timeliness. The Board of Directors has set the guidelines as follows:

- Disclosure of corporate governance policy, business ethics and policies through various channels such as annual reports, company website.
- To disclose the company's financial and general information to shareholders and investors in an accurate, complete, timeliness, transparent manner and without conflict of the disclosure requirements of regulatory authorities. Include a report of the Board of Directors' responsibility for the financial report along with the auditor's report in the annual report.
- To disclose the roles and duties of the Board of Directors and Subcommittees. Number of meeting and number of times that each director attended the meeting in the past year and the opinions of the board of directors. This includes continuing professional training and development of the Board of Directors in the annual report.
- To disclosure of remuneration policies for directors and executives that reflect the obligations and the responsibilities of each person, including the form or nature of the compensation in the annual report. Include the remuneration that each director will be the director of the subsidiary company also.
- To disclosure of direct and indirect shareholding of the company's directors and executive is their own and indirect shareholding, such as shareholding of the spouse in the annual report.
- Directors and executives are required to report their interests in accordance with the rules and procedures prescribed by the Board of Directors.
- To disclose information through the company website, both Thai and English keep up with current events. In addition to the information disseminated to the criteria and through the channels of The Securities and Exchange Commission or The Stock Exchange of Thailand.

### **9.1.5 Boards Responsibilities**

The Board has the duty and responsibility to perform its duties in accordance with the requirements of law, objectives, regulations, rules and regulations in force. Including resolutions of the shareholders meeting. Include consideration and approval to set policies and direction of management, financial goals and budgets, as well as monitoring the operation to meet the policies set effectively for the maximum benefit of shareholders under the ethical standards with good faith and caution.

## **9.2 Strategic Planning Policies and directions in business**

The Board of Directors is responsible for approving important matters related to the Company's operations. The vision, mission, strategy, financial goals, budget, and plans are reviewed at least once a year.

## **9.3 Control System and Internal Audit**

The Company attaches great importance to the internal control system appropriate to company's business. At the management level and efficient operation, therefore, the organization has been restructured to meet the business goals. The duties, responsibilities, and obligations written statements are clearly. There are systems to control of company's assets to benefit. There is separation of duties of followers control and evaluator, to balance and check each other properly. Beside this, there are internal controls related to the financial system. The Company has provided the financial reporting system to the responsible management.

The Company has provided audits to ensure that key operations and financial activities of company have been implemented in accordance with the established and effective guidelines. To review compliance with the law and company's regulations (Compliance Control) to make the internal audit department independent, and able to check and balance. The Board of Directors is required to report directly to the Audit Committee. They also received the evaluation from the Audit Committee.

## **9.4 Prevention of Conflict of Benefit**

The Board of Directors and Audit Committee play an important role in overseeing and resolving potential conflicts of benefit between stakeholders. The Company has set guidelines for transactions that may cause conflict of benefit, for the benefit of company and shareholders. Stakeholders are not involved in decision making. Including the implementation process, and no involvement in the disclosure of transactions that may have conflict of benefit.

## **9.5 Regulatory compliance**

The Board of Directors attaches great importance to compliance with the company's business practices. Has assigned Audit Committee to review company's performance to comply with the securities, Exchange Act Terms, conditions of the SEC, policies, rules, regulations and other laws that related to the company. Compliance Risk Management is also appropriate.

## **9.6 Audit Fee**

For the fiscal year 2020, the Company and its subsidiaries paid for audit fees amounted to 2.24 Million Baht to EY Office Limited. In this regards, EY Office Limited and its auditors do not have any relationships or interests involving the Company, management, or major shareholders, including their related persons.

### 9.6.1 Audit Fee for the year 2020

Unit : Million Baht

Audit Fee	2020	2019	2018
<b>Interhides PCL.</b>			
Annual audit and Quarter review	1,300,000	1,300,000	1,300,000
Review Annual Report	150,000	150,000	150,000
Total	1,450,000	1,450,000	1,450,000
<b>Interseat Cover Co.,Ltd.</b>			
Annual audit and Quarter review	486,000	486,000	486,000
Review Annual Report	-	-	-
Total	486,000	486,000	486,000
<b>Inter Green Co.,Ltd.</b>			
Annual audit and Quarter review	308,000	308,000	308,000
Review Annual Report	-	-	-
Total	308,000	308,000	308,000
<b>Grand Total</b>	<b>2,244,000</b>	<b>2,244,000</b>	<b>2,244,000</b>

### 9.6.2 Non-audit Fee

In 2020, the Company and its subsidiaries No compensation has been paid to verify compliance with the terms of the investment promotion certificate in the past year. Since the promotion certificate of Inter Seat Cover Company Limited ended on 31 August 2019

Unit : Million Baht

Company's Name	2020	2019	2018
Interhides PCL.	-	100,000	100,000
Interseat Cover Co.,Ltd.	-	100,000	100,000
Inter Green Co.,Ltd.	-	-	-
<b>Grand Total</b>	<b>-</b>	<b>200,000</b>	<b>200,000</b>

Each year, the Company invites audit companies to make offers for their services for price comparisons. The Company hires independent auditors with acceptable qualifications as its auditors. They must be approved by the Securities and Exchange Commission and be rotated every 5 years in line with the SEC's regulations.

## **10. Insider Information Controls**

The Company had the policy to ensure correct and adequate disclosure of information such as financial statements and other significant data or information related to the business, on a transparent and timely basis to shareholders, investors and general public.

The Board of Directors is committed to comply with rules and regulations with regarding to the disclosure of information in a timely manner with full transparency. The monitoring of the use of insider information of the Company is considered the responsibility of the Directors, Executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company's confidential and privileged information including information not yet revealed to the public or any data that might affect the Company's operations or share price. This includes the prohibition on use of Company's information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company.

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management personnel are required to report the changes in their (and that of their spouse and minor children) shareholding to the Office of the Securities and Exchange Commission, which was fully complied by the Company's Directors and Management during the previous year. Moreover, the Directors in an executive position, who are full-time employees of the Company (or its subsidiary) and Senior Management, are not allowed to trade / transfer in the Company's shares during the period of 2 weeks before and 2 days after public the Financial Statement. The Management personnel are also strongly encouraged to follow this policy and during the year 2019, all members of Management have fully complied with this policy and no non-compliance cases have been observed.

### **Penal Provision**

Furthermore, the Company has issued the penal provision for those seeking personal benefits by using insides information. The penalty deemed as appropriate includes verbal warning, warning, probation and dismissal.

## **11. Internal Control and Risk Management**

Board of Director and Company's Management be aware and realize that the internal control system is a key to ensure management's confidence in reducing business risks. It helps to run business efficiently with appropriate resource allocation and achieve the goals that have been set.

Board of Directors has assigned the Audit Committee to take responsible for the company's internal control system. The risk management system to be appropriate and effective. Including ensuring that company is in compliance with relevant regulations and law. Ensuring that there is no conflict of interest, making a connected transaction as well as monitoring and supervising company's operations and the misuse of company's assets. Also help to protect company's assets, loss, or fraud and misconduct. Company has set up a machinery for checking and balancing. There is an independent internal audit department responsible for auditing and evaluating the efficiency and the sufficiency of internal control system including risk management system and corporate governance system in performance of all company's departments by adopting the framework of the internal control system in accordance with the system standard of COSO COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and the risk management framework throughout the organization (Enterprise Risk Management) to apply for internal control and risk management to be more complete in order for company's operations to be as effective as possible. Company's management will take the results of the audit to make corrective actions on relevant matters in order to develop the quality work, also the Internal Audit Department has a system to monitor the operation of company regularly. Also provides a compliance team to follow up and study laws, announcements and orders related to business in order to publish to employees to understand as well as to supervise the company to conduct business and operate properly.

Board of Directors has been informed the report from Audit Committee that has reviewed and acknowledged performance of Internal Audit Department including the revisions to improve performance of all departments to make internal control system more effective. Audit Committee and Board of Directors will evaluate the effectiveness and sufficiency of the internal control according to internal control components will be assessed annually.

For the year 2019, Board of Directors has summarized on the sufficiency and appropriateness of company's internal control system. In the Board of Directors Meeting No. 1/2020 on February 25th 2020, found that the Company and Subsidiaries Company have a sufficiently effective internal control system with suitable for the nature of the business. In addition, there were no defects in the internal control system which had a significant impact on the reliability. Company provided sufficient personnel to operate the system efficiently and had an internal control system for the matter of monitoring, controlling and supervising the operations of the subsidiaries so that they can protect the assets of Company and subsidiaries from the use of directors or executives wrongly or without authority. This includes adequate transactions with persons who may have conflicts and connected persons.

Board of Directors has been informed about report from Audit Committee which has reviewed and acknowledged performance of Internal Audit Department and improvement of performance for every departments to make internal control system more effective. By Audit Committee and Board of Directors evaluate the effectiveness and sufficiency of the internal control according to the internal control components will be assessed annually.

For the year 2020, Board of Directors Has summarized the opinion on the adequacy and appropriateness of company's internal control system. In the Board of Directors Meeting No. 1/2020 on February 25th, 2020, company and its subsidiaries have a sufficiently effective internal control system and suitable for the nature of the business. In addition, there were no defects in the internal control system which had a significant impact on the reliability. Company provided sufficient personnel to operate the system efficiently and also had an internal control system for monitoring, controlling and supervising the operations of the subsidiaries so that they can protect company's assets from the use of directors without authority. This includes adequate transactions with persons who may have conflicts and connected persons.

#### 1. Internal Environment

Board of Directors has set up an organizational structure chart which adjusted to suit the growth of the business and the environment that is always changing. There are regular reviews of policies and procedures then communicating in writing to all employees about the policy guidelines and main goals of the organization to achieve understanding in the same direction. Also, to facilitate employees to work efficiently and enhancing knowledge skills and competencies of personnel to suit the job assigned on a continuous and regular basis.

In addition, company attaches great importance to the internal control on the ethics and quality of people. This is a control that focuses on the consciousness (Soft Control) along with the operational control, create an atmosphere of control and a positive attitude towards internal control in order to make both employees and management aware of the benefits of internal control and the potential for continuous development. It defines a guideline for shareholders, employees, customers, business partners, and competitors also for the public. The details in the report are on the practice of good corporate governance in order to assure all related parties to have confidence in the directors, management and employees of the company that they are in professional performance with honesty, transparency, fairness, not seeking self-interest through any information of the organization which is not disclosed to the public, including define a measures to conduct any transactions in a manner that does not cause a conflict of interest to the organization; and has been followed up to be taken seriously.

## 2. Objective Setting

Company has clearly set objectives and business goals of the organization, which can be practiced and measurable. It sets out written guidelines, strategies, business plans, authorities, lines of command, reporting and procedures for each level of the organization in order to be in line with the strategy and core value of the organization properly in all areas. Employees in all processes are involved in determining the objectives of the processes involved to ensure that the work is effectively aligned with the shared organizational goals, also objectives are periodically reviewed to ensure that these objectives are in general consistency with company's goals.

## 3. Event Identification

Company has identified risks to cover the variation in each risk level by focusing on each department to identify risks, both events or risk factors that may adversely affect the corporate and operational objectives of company regularly from both internal factors and external factors by identifying positive factors (Opportunities) and negative factors (Risks) to be able to find correct practices in various processes within the organization consistent.

#### 4. Risk Assessment

Company realizes the importance of a risk assessment as a tool that provides foretold signs of danger that may cause damage to the company, so the company has set a risk assessment every year to see the risks of the actual operation. This requires management needs to set up a control mechanism that is correct and appropriate. So, the results of the risk assessment for each activity were presented to senior management and the Board of Directors to consider periodically.

#### 5. Risk Response

Company pays close attention to the internal control in accordance with the COSO - ERM guidelines in terms of risk factors completely. Both in identifying risk events Risk Assessment and Risk Response by paying attention to both internal and external risk factors from the activity level to the corporate level. Company's Internal Audit Department has applied for the risk management to assess the adequacy of the internal control system and to push for the control self (Control Self-Assessment) of various departments in order to create a control that can reduce the damage caused by risks to the acceptable level and create a standard of work to be more efficient

#### 6. Control Activities

Company has organized control activities in every function and level of operation as necessary. Company written policies and procedures to provide all employees with the same operational guidelines in terms of finance, purchasing, sales of products, supervision of the use of company's assets usefully. There is a separation of duties follow-up, control, evaluation and approvals in order to achieve appropriate balance and inspection as well as clearly setting the credit limit for approval. Also provide an action plan that is consistent with the organization's policies and objectives within the appropriate time frame with Internal Audit Department perform independent audits and follow-up functions to increase efficiency and effectiveness of internal control of the company.

## 7. Information & Communication

Company has provided adequate information systems and communication channels both inside and outside which reliable and timely to make decisions for shareholders, investors, stakeholders, directors and management of the company, that based on accurate and current information. These reports or information are detail / reports on financial accounting, general information, as well as important information that affects the decision-making process by disseminating various news information in the annual report or annual registration statement (56-1) on the Company's website and through various communication channels of the Stock Exchange of Thailand. As well as giving importance to the control of information systems to facilitate operations and management Control access to information in accordance with the scope of work that the company sets and arrange an audit. To ensure that the information received is complete, correct, effective, consistent, timely and beneficial for management Making effective decisions. As well as providing a backup system Safety system Emergency programs for the protection of information security appropriately and adequately. To manage information more completely, to accommodate business expansion appropriately.

## 8. Monitoring

The Executive Committee regularly monitors the performance of each department. The management meeting of each department is held at least once per quarter to compare the performance with the target and work plans of all departments that have been defined to assess the efficiency and effectiveness of the work and take corrective action in an appropriate and timely manner. Company has continuously applied the performance appraisal system (KPI) to management units and employees throughout the organization. By developing an assessment system to increase the evaluation dimensions to have a comprehensive perspective and in line with the core values of the organization that will support the implementation of goals and able to measure the performance of each department and each person more concretely and clearly in order to comply with the vision, mission and business strategy defined.

In addition, Company's internal audit department is also assigned to be independent in performing audits and assessments by establishing a system for closely monitoring the results of each audit project. It is defined in the annual audit plan of the Internal Audit Department

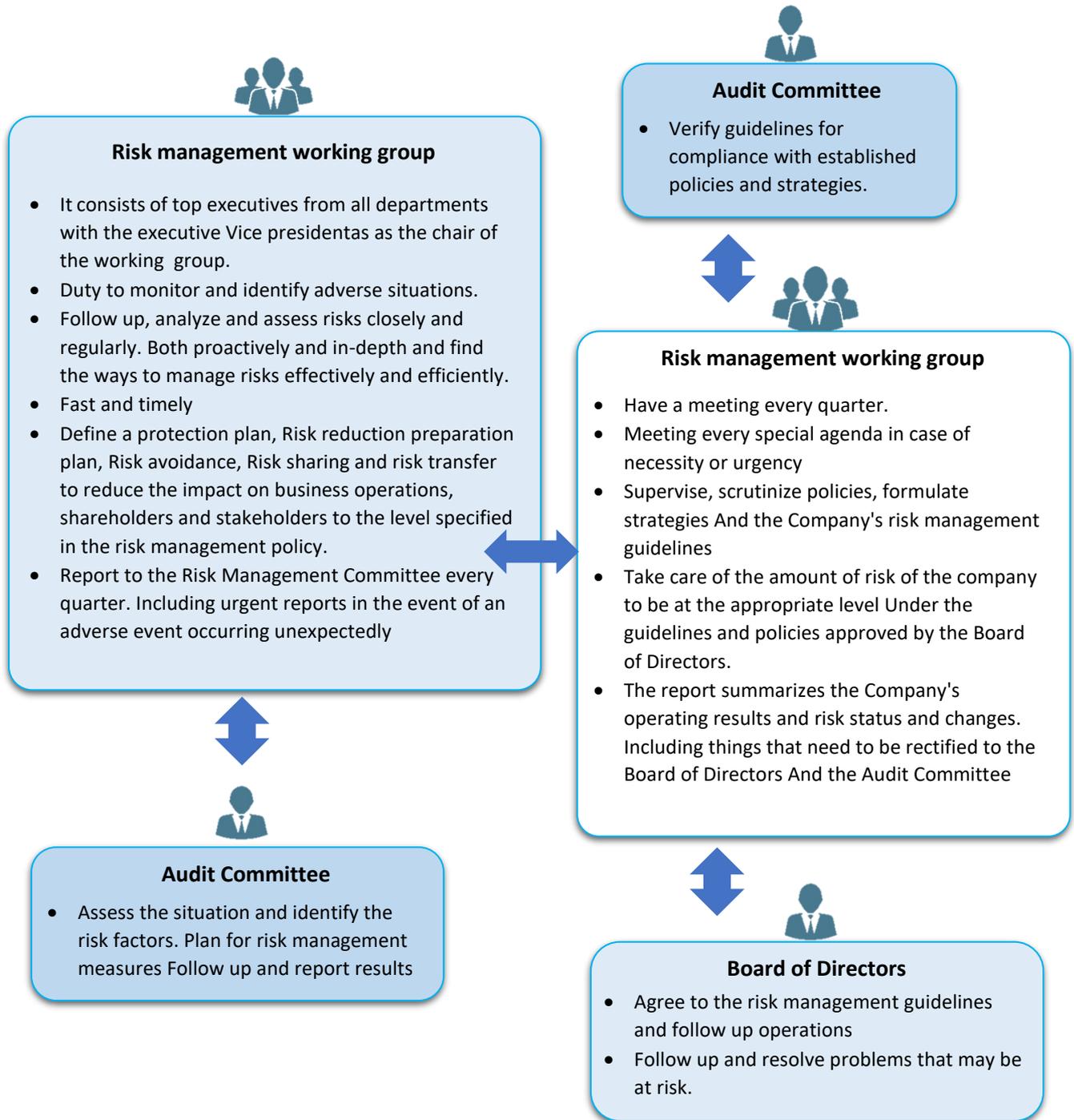
and report the results directly to the Audit Committee to push for improvements based on recommendations reduce the risk that may affect the work process, reputation and financial position of the company. This is to build confidence in corporate governance, the internal controls are to be clear, transparent and truly benefit the shareholders.

#### Appointment of the Internal Audit Supervisor

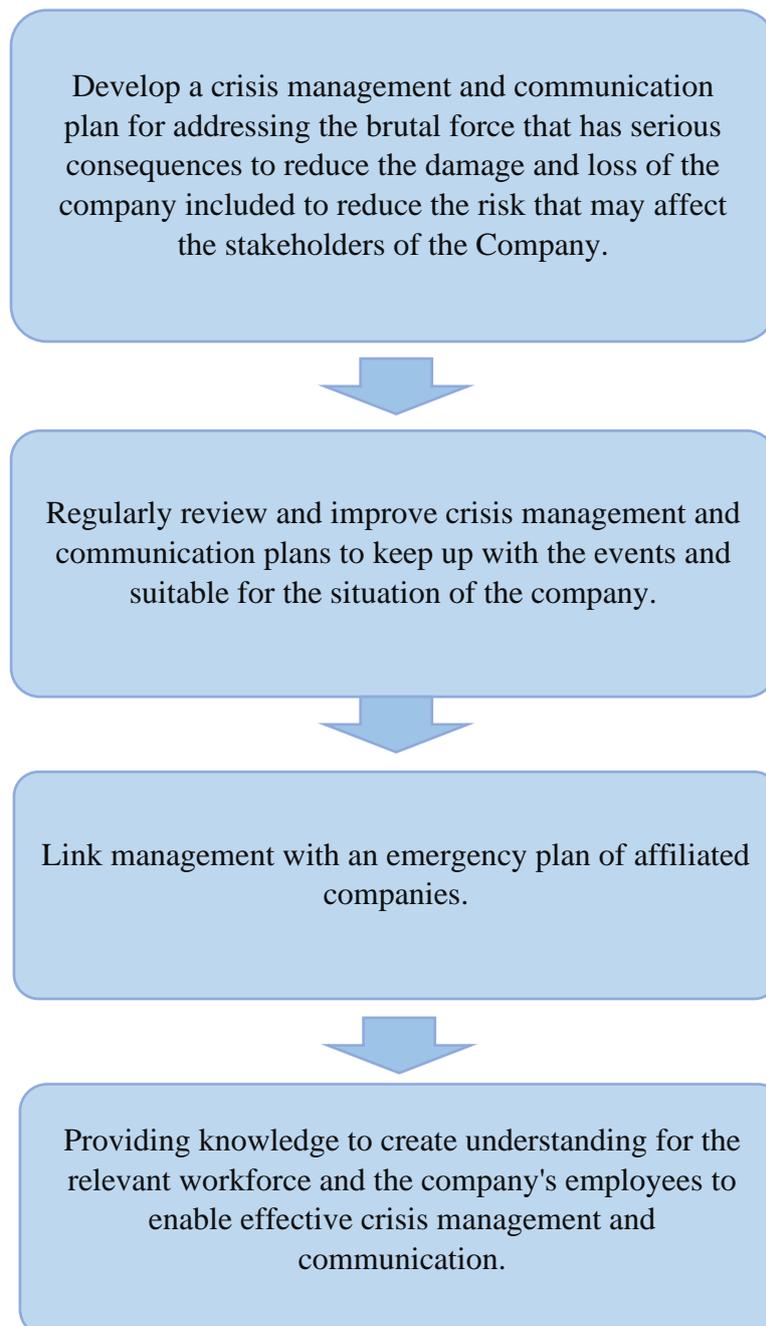
The Audit Committee have an opinion that an internal auditor should be the Company's employees. The Chairman commented that It must ensure that the internal auditors are sufficiently independent and work with honesty and freedom but must be careful not to cause conflicts to arise. The Audit Committee agreed that Mr. Poobaize Benchasirivorakul which was appointed as the chief audit executive of the company (Chief Audit Executive: CAE) from the Audit Committee Meeting No. 1/2013 on February 23rd, 2013, who has an understanding of activities and operations of company work also a skilled internal audit person. So, The Audit Committee agreed that Mr. Poobaize Benjasiriworakun Is appropriate to continue to perform such duties.

The consideration and approval of the appointment, removal, transfer of the head of the Company's internal audit department, must be approved by the Audit Committee.

# Relevant parties in the risk management



Crisis management is a key mechanism for managing the impact of unforeseen events to suppress, deter, mitigate and limit the damage, loss, and direct and indirect impacts that will affect the economy, society, community and environment to as little as possible. This will make the company able to operate business continuously and sustainably, the Company has identified the crisis management guidelines in the Company's code of conduct as follows:



## **Risk factors**

### **1. Risk from competition**

Tanning and Car Seat business are highly competitive from both domestic and foreign players in term of pricing and quality. If the Company cannot maintain a competitive advantage, it would affect significantly to the business growth and performance of the company.

However, the past performance of the Company has been proved by growing continuously both sales revenues and net profit. This would imply that the Company has the potential to compete effectively and consistently. The Company's competitive advantage such as:

- Large production base in tanning with completed lines and high quality and standard of products and services as proven by getting Gold Rated certificated by LWG and IATF certificate in 2016
- Strong financial position to support both short-term and long-term expansion.
- The Company's executives have the knowledge, ability and experience in both production and marketing.

### **2. Risk from fluctuation of raw material cost**

Cost of hides is the major cost of the company, accounted around 60% of the total cost. The fluctuate in hides price is the problem that the Company faces. Even the price increased, the Company cannot raise the selling price accordingly to compensate cost due to the highly competition or economic slowdown leading to the lower purchasing power. These may cause the significant negative performance.

Price of hides or raw salted would be fluctuate by demand and supply especially the quantity of hides

That may be affected by various uncontrollable factors such as seasonal consumption, weather, natural disaster, diseases etc.

In order to minimize this risk, the Company has several measures as follow:

- (1) Forecast demand of raw materials from customer's production schedule to plan the purchasing order in right quantity and within the specified period.
- (2) Forecast demand increases the bargaining power for the price with suppliers due to large volume per order and timely delivery schedule.
- (3) The Company enters the sales contracts in advance with reliable suppliers or distributors. Term of contracts are mutually agreed by both parties such as 3 months advance and specifies price, quantity and the delivery time in sales contract clearly.
- (4) The Company purchase for hides and chemicals in advance as necessary and manage all raw material in good condition for production.
- (5) Regular price comparisons are made to reflect changes in raw material prices that would have a material impact on the company's costs.

Based on the above measures, the Company can minimize the risk of price volatility and control cost level for the operation.

### **3. Risk of Staff shortage**

Due to continuously expansion, all staffs were valued factor to drive the business. The Company expands new production line every year. Also, the Company uses new technology to improve the quality of product. Therefore, the Company recruits new staffs to support the expansion. If the Company cannot recruit enough the staff to support expansion, this might be affected significantly to the Company's business

However, the Company values and try to resolve this issue to improve long term service of employee. The Company also value for Interhides 's Culture which is caring for all employees by providing the chance for talented people, good benefit and welfare, taking care as IHL family.

For this reason, candidates join with the Company continuously. All staffs would be trained the organizational culture to achieve the standard of the Company.

### **4. Risk from labor cost**

Tanning process requires a huge amount of skilled staff especially line production staff to meet the customer satisfaction, so labor costs are concerned as important factor beside to raw material cost.

If the minimum wage increases and the Company cannot adjust the selling price to compensate the increasing staff cost or partial compensation due to the highly competition or economic slowdown or other factors, these will be negative impact to the performance of the company.

In order to minimize this risk, the Company has implemented various measures to monitor the optimum level of wage cost as follow:

- (1) Regularly determine optimum staffs in each production line with the concept to maintain the quality of products and services to serve customer satisfaction.
- (2) Monitor productivity of each production line to comply with performance evaluation standard by using KPI.
- (3) Apply the technology to every department to improve the quality of work.
- (4) Regularly training especially staff in production line to improve the efficiency of all staffs and maintain the quality of work.

These measures are taken seriously and continuously, together with the increase in selling prices, if deemed necessary and possible, enabling the Company to control the employee expenses in the past period to the appropriate level. It can also reduce losses from excess employees and poor performance.

### **5. Risk from Foreign Exchange Rate**

Fluctuation on Foreign Exchange Rate especially US Dollar directly and indirectly affects to the Company's revenue and cost. To minimize this impact, the Company follows up all information that may cause the volatility such as international monetary policy, interest rate, the central bank policy and stimulus measure from USA. Also, the Company matches revenue and expense in foreign currency (Natural Hedge) and use the financial instruments such forward contract to hedge foreign exchange rate exposure when appropriate.

## **12. Connected Transactions**

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The IHL Code of Conduct has set forth a policy regarding such transactions as follows:

### **12.1 Connected Transactions between the Company and its Subsidiaries**

The Company and subsidiaries are bound to conduct transactions with one another in such ways as providing service, trading raw material and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules and operational authority of IHL.

### **12.2 Transactions with Outside Entities**

For undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and IHL policy. In addition, the Company is required to have an approval strictly in line with the operational authority of IHL, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to IHL or outside parties.

### **12.3 Necessity and justification of the transactions**

The related-party transactions were necessary and justified, and were conducted in the best interest of the Company. The Audit Committee was of the opinion that they were in line with common business practices and consistent with what was offered to other customers, and that the Company paid and were compensated at fair market prices.

### **12.4 Measures or procedures of approving related-party transactions**

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in term of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure that the Company's best interest and in accordance with the rules and

regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any tasks involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in case where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meeting, depending on each case. The Board of Directors or those authorized by it may not approve any transaction with its members or parties with potential conflicts of interests with the Company or its subsidiaries. In addition, the persons or person having possible conflict of interest shall not be able to participate in the approval of transactions. It must also be in compliance with laws on securities and the stock exchange, regulations, notification, orders and requirements of the Stock Exchange of Thailand and the requirements pursuant to disclosure of related-party transactions and the acquisitions and disposals of assets.

### **12.5 Policy or trend of related-party transactions**

The Company has a policy to continue making existing related-party transactions in the future. It also plans to keep the terms consistent with normal trade practices and the prices comparable with those offered by other suppliers. In any case, the Company will have the Audit Committee, its auditors or independent experts scrutinize all related-party transactions and give opinions on appropriate prices and justification of the transactions.

Once the Company or its subsidiaries make related-party transactions with parties with potential conflict of interest or stakeholders in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness of the transactions.

In case that the Audit Committee has no expertise to consider that issue, the Company will seek the opinions of independent experts or its auditors. The opinions will subsequently be used in making related decisions by the Board of Directors or shareholders, whichever the case. In any case, the Company will also include such transactions in the notes to the audited financial statements and the annual report.

### **12.6 Connected Transactions**

The Company strictly follows the policy to comply with the Notification of Capital Market Supervisory Board regarding rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, as well as the laws, regulations, notifications or orders relating to the execution of related transactions.

Individual / Juristic Person	Relationship (as of Dec. 31 , 2017)	Nature of Transaction	Value (Thousand Baht)		Transfer Pricing Policy	Opinion of Directors
			2020	2019		
Interseat Cover Co.,Ltd. (ISC)	- IHL is a majority shareholder of ISC (99.99% of all sold shares) - Mr. Ongart Thumrongsakunvon g and Ms. Chutima Busayapoka serve on the Boards of Directors of both companies	- Goods Purchase  - Rental Fee, Management Fee, Service Charge - Trade Account Payable  - Dividend Receivable	37,496  52,882  130,770  94,199	621  58,162  199,672  110,199	Cost plus margin  Contract price  Cost plus margin  As declared	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.  - The dividends were in proportion to the Company's holding
Inter Green Co.,Ltd. (IG)	- IHL is a majority shareholder of ISC (99.99% of all sold shares) - Mr. Ongart Thumrongsakunvon g and Ms. Chutima Busayapoka serve on the Boards of Directors of both companies	- Goods Purchase  - Rental Fee, Management Fee, Service Charge - Trade Account Payable	20,062  23,139  23,734	18,654  16,596  -	Cost plus margin  Contract Price  Cost plus margin	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.
Schumans Electronics Co.,Ltd.	Mr. Ongart Thumrongsakunvon g , IHL's major shareholder, director and executive holds 10% shareholding	- Goods Purchase	-	-	Cost plus margin	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.
Modernform Group PCL. (Modern)	Modern and Mr.Thaksa Busayapoka, the Chief Executive Director of Modern were the shareholders of the Company with 4.77%shareholding. Mr.Thaksa Busayapoka is also IHL's director.	- Goods Purchase  - Trade Account Payable	43  11,833	39  12,964	Cost plus margin  Cost plus margin	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.
W Trio Co.,Ltd. (Formerly named as Automotive Accessories Co., Ltd.)	Mr. Ongart Thumrongsakunvon g's group holds 100%	- Goods Purchase  - Equipment	-  -	481  -	Cost plus margin	- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders.

### **13. Report on the Board of Directors' Financial Responsibilities**

The Board of Directors is responsible for the consolidated financial statement of Interhides Public Company Limited and its subsidiaries, as well as the financial information in the Annual Report.

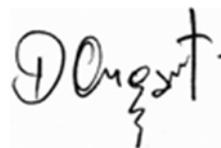
These financial statements were prepared based on Thai Financial Reporting Standard. The appropriate accounting policy was adopted and adhered to consistently. Discretion was applied cautiously and reasonable projections were made. Adequate disclosures of significant information were also made in the Notes to the Financial statement for the benefits of shareholders and investors. The Board of Directors has supported the auditor with all necessary information and documents in order to audit and express his opinion in accordance with auditing standards. Independent auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report as shown in this Annual Report.

The Board of Directors, with the duties of overseeing and improving good governance and morality, has set up and maintained an appropriate and effective risk management system and internal control system so it can be reasonably confident the Company's accounting information is accurate, comprehensive and adequate to maintain assets and prevent corruption or significant irregularities.

The Board of Directors also set up the Audit Committee comprising 3 independent directors to supervise and review the quality of financial reporting, and to assess internal control and internal audit. The Audit Committee also considers disclosing connected transactions. Its opinions on these matters are expressed in the Audit Committee report in this Annual Report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, which should inspire reasonable confidence that the consolidated financial statement of the Company and its subsidiaries and that the separate financial statement of the Company for the year ending December 31, 2020 presents fair view in accordance with Thai Financial Reporting Standards.

Your sincerely,



(Mr. Ongart Thumrongsakunvong)  
President / Chairman of the Executive Board

## 14. The Audit Committee's Report

Dear Shareholders of Interhides Public Company Limited,

Currently, Audit Committee of Interhides Public Company Limited consists of independent directors, there are 3 persons consist of Mr. Somchart Limpanuphap as Chairman, Mr. Char.Nun Petpaisit and Mr. Somyot Akapaiboon as Committee Members. All members possess adequate qualifications for their posts as required by Audit Committee Charter and in accordance with the Stock Exchange of Thailand's Best Practice Guidelines. Secretary of Audit Committee is Mr. Poobaize Benjasiriworakul.

Audit Committee has performed its duties and responsibilities as assigned by Board of Directors in supervising and overseeing company's state of affairs in order to show precisely and ensure that management and executive directors, who are accountable to shareholders of company, execute their duties with honesty and responsibility, and in accordance with the policy of company accurately and completely, and by reaching a level of standard practice. Audit Committee conducted a total of 4 meetings in 2020 and appropriately discussed and shared opinions with senior management, external auditors, and internal auditors on related matters. These can be summarized as follows:

1. Reviewed quarterly and annual financial statements of company for 2020, which had already been reviewed and audited by external auditor, before submitting them to the Board of Directors for approval. Audit Committee inquired into accuracy and completeness of financial statements of external auditor and management, and the adequacy of financial disclosure. In addition, Audit Committee considered and acknowledged management letter and audit approach for external auditor's 2020 financial statement. Audit Committee had the conclusion that internal control of the financial reporting process was adequate to ensure that such financial statements represented company's financial status and operating results accurately, that they were in accordance with legally defined accounting principles, and that they were adequately and promptly disclosed for the benefit of investors and users of such statements when making investment decisions.
2. Reviewed connected transactions executed by company with related parties who were considered as having a conflict of interest, and reviewed the sufficiency of disclosure of these transactions in accordance with requirements of the Stock Exchange of Thailand. Audit Committee had conclusion that aforementioned transactions were conducted by management fairly and priced with a view to giving the utmost benefit to company at an arm's length basis, and that they were accurately and adequately disclosed.

3. Reviewed, from a total of four meetings, compliance with Securities and Exchange Laws, Regulations of the Stock Exchange of Thailand, and other relevant Laws including Securities and Exchange Acts, Regulations of the Securities and Exchange Commission, Rules, Revenue Code, Labor Law, and Business Commitments. Audit Committee had conclusion that company had complied with all applicable regulatory requirements.
4. Reviewed Internal Control System in its evaluation of adequacy and effectiveness of company in achieving its goals. Audit Committee reviewed Internal Audit Report for 2020, according to the approved Internal Audit Action Plan, of major business processes such as inventory control process, production management system or collection management. There were no major weaknesses or significant errors in internal control. In addition, Audit Committee evaluated company's Internal Control System, which consisted of management control, financial control and compliance control based on guidelines of the Office of the Securities and Exchange Commission. Audit Committee had conclusion that the Internal Control System was adequate and functioning effectively with regards to the internal environment, risk assessment, control activities, information and communication systems, and monitoring system.
5. Reviewed Risk Management System to evaluate its adequacy and effectiveness. Audit Committee considered risk management policy, Risk Management Manual, risk identification, and risk response including the progress of the Risk Management Plan as proposed by Top Management on a yearly basis. Audit Committee had conclusion that Risk Management System was adequate and functioning effectively with clear objectives, complete risk identification, appropriate risk assessment and risk response.
6. To consider, select, nominate, and propose the remuneration of the auditor for the year 2021 for submission to the Board of Directors for approval from the shareholders' meeting for the year 2021. Audit Committee considered independence, performance and services of auditors. The auditor has provided useful comments and recommendations on the preparation of financial reports and internal controls. The proposal should be submitted to the Board of Directors for approval.
7. To propose activity reports of Audit Committee to Board of Directors for every meeting of Audit Committee in order to be in conformity with good conduct of Audit Committee.
8. To consider annual audit plan and reexamine report of inspecting result as well as evaluating the internal control in order to assure that internal control is efficient enough to meet the acceptable risk and suitability for changing business environment.
9. Anti-Corruption Policy, Audit Committee defined this policy in operation guidelines, without support, and avoid under table paying to the government officer and private sectors. The management control staff members to supervise strictly observed.

In 2020, Audit Committee conducted as total of 4 meeting, the summary of attendance are as following:

<b>Name of Audit Committee</b>	<b>Position</b>	<b>Number of Attendance/Total Meeting</b>
Mr. Somchart Limpanuphap	Chairman	4/4
Mr. Char.Nun Petpaisit	Committee Members	3/4
Mr. Somyot Akapaiboon	Committee Members	4/4

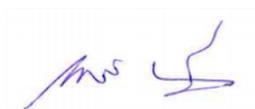
Audit Committee exercised its judgment and independently fulfilled its duties and responsibilities with sufficient competency, with circumspectness, and with full access to information from management, employees, and relevant persons. Audit Committee also gave comments and recommendations on the equitable treatment of stakeholders

In summary, Audit Committee is of the opinion that Board of Directors, Management, and executive directors have operated with an ethical mind and have had intention of performing duties professionally to achieve company's goals. Furthermore, company has committed itself to operate the business under an effective Internal Control System. In addition, company has established a concise and appropriate Risk Management System and has effective corporate governance.



Mr. Somchart Limpanuphap

Chairman of the Audit Committee



Mr. Chor.Nun Petpaisit

Audit Committee member



Mr. Somyot Akapaiboon

Audit Committee member

## 15. Analysis of Operating Results and Financial Status

### IHL's Consolidated Performance Overview

In 2020, Consolidated Revenue was 1,337.88 Million Baht, decreased from 1,571.01 Million Baht in 2019 or decrease of 14.84% y-o-y. Gross Profit Margin was 166.68 Million Baht, decrease of 53.17% y-o-y.

Consolidated EBITDA was 268.23 Million Baht, decreased 35.04% y-o-y or decreased by 144.66 Million Baht. Net Profit for the year decreased to (44.31) Million Baht.

### Profit and Loss

The Company and its subsidiaries recorded Revenues from Sales and Services of 1,333.84 Million Baht, representing a decrease of 221.83 Million Baht or 14.3 % y-o-y, driven by dropping in revenue from Trim Cover and revenue from Cur Part which dropped by 27.5% and 26.7% y-o-y respectively.

Revenue (Million Baht)	Operated by	% of Shareholder	2020		2019		% Change
			Revenue	%	Revenue	%	
Cut Part	IHL	100%	406	30%	554	36%	(26.7%)
Finished Leather	IHL	100%	42	3%	16	1%	162.5%
Crust Leather and Wet Blue	IHL	100%	107	8%	118	8%	(9.3%)
Service	IHL	100%	228	17%	216	14%	5.6%
Other Product	IHL	100%	76	6%	24	2%	216.7%
Trim Cover	ISC	100%	435	33%	600	39%	(27.5%)
Fabric for Car Seat	ISC	100%	5	0%	1	0%	455.6%
Other Product	ISC	100%	3	0%	4	0%	(25.0%)
Protein	IG	100%	16	1%	23	1%	(30.4%)
Other Product	IG	200%	16	1%	-	0%	0.0%
<b>Total</b>			<b>1,334</b>	<b>100%</b>	<b>1,556</b>	<b>100%</b>	<b>(14.3%)</b>

In 2020, Revenue from Automotive Industry decreased from 1,157 Million Baht to 877 Million Baht or decreased by 24.2% y-o-y. Revenue from Non-Automotive Industry increased 13.0% or increased from 376 Million Baht to 425 Million Baht. Proportion of Auto and Non-Auto Revenue in 2019 is 66:32.

Revenue (Unit : Million Baht)	2020		2019		% Change
	Revenue	%	Revenue	%	
Automotive Industry	877	66%	1,157	74%	(24.2%)
Non-Automotive Industry	425	32%	376	25%	13.0%
Other	32	2%	23	1%	39.1%
<b>Total</b>	<b>1,552</b>	<b>100%</b>	<b>1,556</b>	<b>100%</b>	<b>(35.0%)</b>

Loss on exchange registered at 3.08 Million Baht in year 2020, compared to year 2019 gain on exchange at 8.81 Million Baht resulting in Baht fluctuation since the beginning of the year.

Cost of Sales and Services was recorded at 1,167.15 Million Baht or 87.50% of Revenue from Sales and Services. Gross profit margin was 12.50% of Revenue from Sales and Services in year 2020, comparing to 23.07% from the previous year. The gross profit margin dropped, the main reason is fixed costs from depreciation of plant, equipment and machines, including other costs for the production which do not produce full capacity. This impact was from the epidemic situation of COVIC-19 infection.

Compared with 2020, Selling and Administrative Expenses decreased 9.31% or 17.97 Million Baht, recorded at 174.98 Million Baht in 2020. The main reason is expenses related to Management staff and travelling expenses of the sales department which are unable to travel abroad due to the impact of the epidemic situation of COVIC-19 infection.

EBITDA dropped from 412.89 Million Baht in 2019 to 268.23 Million Baht in 2020, a decrease of 35.04% y-o-y. EBITDA margin decreased from 26.59% to 20.11%.

Financial Cost increased from 37.42 Million Baht in 2019 Baht to 52.08 Million Baht in 2020, mainly due to long-term debt from banks. The Company increased in investment in building, factory and machinery in order to support sales in new markets that will occur in the year 2021

For the period of FY 2020, Net Profit registered at (44.31) Million Baht or (3.32) % of Revenue from Sales and Services, decreased from the previous year in 186.06 Million Baht.

## Financial Position

	Dec.2020 (MB.)	Dec.2019 (MB.)	Dec.2018 (MB.)
<b>Total Asset</b>	<b>3,643.44</b>	<b>3,771.42</b>	<b>3,393.64</b>
Current Asset			
Cash and Cash Equivalents	6.14	29.79	22.26
Trade and Other Receivables	171.93	143.45	307.71
Inventories	968.52	992.58	632.66
Property, Plant and Equipment - Net	2,365.61	2,490.60	2,333.52
<b>Total Liabilities</b>	<b>2,106.17</b>	<b>2,127.57</b>	<b>1,763.99</b>
Short-term Loans from Financial Institutions	958.34	1,062.59	983.38
Trade and Other Payables	209.37	235.77	301.88
Long-term Loans	835.16	740.25	418.82
<b>Total Shareholders' Equity</b>	<b>1,537.26</b>	<b>1,643.85</b>	<b>1,629.65</b>

Total assets recorded at 3,643.44 Million Baht, with a decrease of 127.98 Million Baht compared with the previous year from the decrease in the net value of Property, Plant and Equipment. The Company invested in Machinery and Building improvement was 158.17 Million Baht, but the depreciation was recognized equal to 257.91 Million Baht. Property, Plant, and Equipment decreased from 2,490.60 Million Baht to 2,365.61 Million Baht in FY 2020 or decreased of 124.99 Million Baht.

The efficiency in cash management caused Cash and Cash Equivalents and Investment in open-ended fund decreased from 29.79 Million Baht to 6.14 Million Baht.

Intangible Assets increased from 17.42 Million Baht to 20.62 Million Baht, from investment in intangible assets to develop the system.

Short-term loan from financial institute increased from 849.70 Million Baht in 2019 to 899.52 Baht in 2020 while Trust Receipt decreased from 212.89 Million Baht to 58.83 Million Baht or decreased 154.06 Million Baht. The Company reduced the purchase of raw materials from abroad also decrease investment in machinery from abroad.

Long-term Loan increased from 740.25 Million Baht to 835.16 Million Baht, mainly due to the Company drew down Long-term Loan 253 Million Baht in this year.

In 2020, the Net Worth was recorded 1,537.26 Million Baht, a decrease of 106.59 Million Baht from the previous year due to the year 2020 the Company had a loss of 44.31 Million Baht and paid dividends of 59.28 Million Baht.

## **Liquidity**

At the end of 2020, the Company had cash and cash equivalents amounted 6.14 Million Baht, decreased by 23.65 Million Baht from year 2019. This mainly due to policy to balance cash in hand and lower interest cost. Cash flows provided by operating activities amounted to 238.57 Million Baht. Meanwhile, cash flows used in investing activities amounted to 146.21 Million Baht and cash flows used in financing activities was 88.08 Million Baht, mainly from CAPEX and investment, repayment Long-term Loan and dividend payment.

In year 2020 the current ratio and quick ratio was 0.84 times and 0.12 times respectively. Even though the quick ratio is low, the Company still had an overdraft and credit line sufficient for use as working capital in the future.

According to liquidity ratio, the Company registered cash ratio of 0.16 time, increased from 0.05 in 2019. While Cash Cycle increased from 232.12 days in 2019 to 280.19 days in 2020, from inventory turnover increased from 261.08 days to 306.64 days.

Interest Service Coverage Ratio dropped from 11.03 times in 2019 to 5.15 times in 2020. Debt Service Coverage Ratio decreased from 1.20 times in 2018 to 0.94 times in 2020. In condition of Banks, this ratio must be maintained at least 1.20-1.50 times, which the company has been granted a waiver from Banks as disclosed in the notes to the financial statements.

## **Financial Ratio**

In 2020, Gross Profit Margin and Net Profit Margin registered at 12.50% and (3.32)% respectively compared with 23.07% and 9.11% in the last year.

Return on Assets decreased from 3.96% to (1.20)% in year 2020.

At the end of 2020, Debt to Equity ratio was 1.37 times compared to the previous year of 1.20 times. The Company maintain the condition of Banks which required this ratio not more than 2.0 times.

Interhides Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2020

## **Independent Auditor's Report**

To the Shareholders of Interhides Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Interhides Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Interhides Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interhides Public Company Limited and its subsidiaries and of Interhides Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matters**

I draw attention to Note 1.2 to the financial statements, the Coronavirus disease 2019 pandemic significantly affects the Group's business activities, and this is significantly impacting the Group's financial position, operating results, and cash flows including compliance with financial ratios as stipulated in the loan agreements. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved. My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

The key audit matters and the audit procedures performed in response to each matter are described below.

### *Revenue from sales of leather products and services*

Revenues from sales and services are significant to the Group's financial statements and directly impact on the Group's operating results. Moreover, the Group has both domestic and overseas sales transactions under various terms and conditions. I therefore focused on the Group's recognition of revenues from sales and services, especially the timing of revenue recognition.

I assessed and tested the Group's internal controls related to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales and service transactions occurring during the year and near the period end. I reviewed credit notes issued by the Group to customers after the end of the reporting period and performed analytical review of the sales and services accounts.

### *Allowance for diminution in inventory value*

The basis for determining allowance for diminution in inventory value, as disclosed in Note 10 to financial statements, relies on significant management judgment and estimates made based on the experience of the management, especially with respect to determination of allowance for obsolete or slow-moving inventory, which requires analysis of the product life cycle, the competitive environment and the economic and industry situation. There is thus a risk with respect to the amount of the allowance for diminution in value of inventories.

I assessed the methods and assumptions applied by the management in determining such allowance by gaining an understanding of the criteria used in determining the allowance, and reviewing the consistency of the application of these criteria and the rationale for the specific recognition. I also performed an analytical review of the inventory holding period and inventory movements to identify groups of inventory with indications of slow movement, performed analytical review to compare the net realisable value with the unit costs of inventories.

### **Other Information**

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, 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 Group'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 or to cease operations, or has no realistic alternative but to do so.

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

## **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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement 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 Group'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 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 Group 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.

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

I am responsible for the audit resulting in this independent auditor's report.

Pornanan Kitjanawanchai  
Certified Public Accountant (Thailand) No. 7792

EY Office Limited  
Bangkok: 24 February 2021

**Interhides Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2020**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	6,137,355	1,904,950	5,474,360	412,562
Current investment - investment unit					
in open-ended fund		-	27,885,772	-	-
Trade and other receivables	9	171,934,587	143,453,345	187,000,621	152,379,399
Inventories	10	968,516,202	992,580,517	932,717,877	936,356,019
Other current financial assets	11	28,991,382	-	228,941	-
Other current assets		<u>31,626,274</u>	<u>18,126,322</u>	<u>26,671,147</u>	<u>15,250,500</u>
<b>Total current assets</b>		<u>1,207,205,800</u>	<u>1,183,950,906</u>	<u>1,152,092,946</u>	<u>1,104,398,480</u>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	61,499,560	69,999,560
Property, plant and equipment	13	2,365,610,400	2,490,600,778	2,306,938,616	2,424,487,880
Intangible assets	14	20,624,666	17,421,549	20,542,088	17,306,256
Deferred tax assets	25	49,246,212	19,511,766	41,426,321	17,863,871
Other non-current assets		<u>750,885</u>	<u>59,930,733</u>	<u>742,472</u>	<u>59,077,380</u>
<b>Total non-current assets</b>		<u>2,436,232,163</u>	<u>2,587,464,826</u>	<u>2,431,149,057</u>	<u>2,588,734,947</u>
<b>Total assets</b>		<u>3,643,437,963</u>	<u>3,771,415,732</u>	<u>3,583,242,003</u>	<u>3,693,133,427</u>

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

Interhides Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	15	899,515,500	849,699,000	899,515,500	849,699,000
Trust receipts	15	58,828,388	212,887,449	58,828,388	206,669,258
Trade and other payables	16	209,366,135	235,769,338	185,477,615	210,014,150
Current portion of liabilities under finance lease agreements	17	-	14,082,349	-	13,639,086
Current portion of lease liabilities	17	12,748,558	-	12,543,348	-
Current portion of long-term loans	18	221,048,000	291,469,000	221,048,000	291,469,000
Income tax payable		10,132,539	4,654,491	-	-
Other current financial liabilities	33.1	25,631,642	-	25,631,642	-
Other current liabilities		<u>8,159,980</u>	<u>8,841,803</u>	<u>4,989,940</u>	<u>8,078,326</u>
<b>Total current liabilities</b>		<u>1,445,430,742</u>	<u>1,617,403,430</u>	<u>1,408,034,433</u>	<u>1,579,568,820</u>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements, net of current portion	17	-	34,768,944	-	33,469,370
Lease liabilities, net of current portion	17	22,303,863	-	21,209,499	-
Long-term loans, net of current portion	18	614,116,000	448,780,000	614,116,000	448,780,000
Provision for long-term employee benefits	19	<u>24,325,355</u>	<u>26,614,062</u>	<u>23,158,243</u>	<u>24,963,861</u>
<b>Total non-current liabilities</b>		<u>660,745,218</u>	<u>510,163,006</u>	<u>658,483,742</u>	<u>507,213,231</u>
<b>Total liabilities</b>		<u>2,106,175,960</u>	<u>2,127,566,436</u>	<u>2,066,518,175</u>	<u>2,086,782,051</u>

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

Interhides Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Shareholders' equity</b>					
Share capital					
Registered					
594,998,274 ordinary shares of Baht 1 each		<u>594,998,274</u>	<u>594,998,274</u>	<u>594,998,274</u>	<u>594,998,274</u>
Issued and fully paid					
592,805,637 ordinary shares of Baht 1 each		592,805,637	592,805,637	592,805,637	592,805,637
Share premium		468,103,684	468,103,684	468,103,684	468,103,684
Retained earnings					
Appropriated					
Statutory reserve - the Company	20	69,000,000	69,000,000	69,000,000	69,000,000
Statutory reserve - the subsidiary		2,000,000	2,000,000	-	-
Unappropriated		<u>405,352,682</u>	<u>511,939,975</u>	<u>386,814,507</u>	<u>476,442,055</u>
<b>Total shareholders' equity</b>		<u>1,537,262,003</u>	<u>1,643,849,296</u>	<u>1,516,723,828</u>	<u>1,606,351,376</u>
<b>Total liabilities and shareholders' equity</b>		<u>3,643,437,963</u>	<u>3,771,415,732</u>	<u>3,583,242,003</u>	<u>3,693,133,427</u>

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

.....  
 Directors  
 .....

Interhides Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues	21	1,333,836,039	1,555,667,094	1,043,772,032	1,183,692,029
Dividend income	12	-	-	94,199,058	110,198,898
Other income	22	4,046,633	15,341,266	48,683,338	52,630,591
<b>Total revenues</b>		<u>1,337,882,672</u>	<u>1,571,008,360</u>	<u>1,186,654,428</u>	<u>1,346,521,518</u>
<b>Expenses</b>					
Cost of sales and services		1,167,154,024	1,196,703,607	1,009,342,144	997,066,508
Selling and distribution expenses		17,198,125	23,737,350	14,881,912	21,204,442
Administrative expenses		157,782,780	169,214,010	161,027,675	166,692,350
<b>Total expenses</b>		<u>1,342,134,929</u>	<u>1,389,654,967</u>	<u>1,185,251,731</u>	<u>1,184,963,300</u>
<b>Operating profit (loss)</b>		(4,252,257)	181,353,393	1,402,697	161,558,218
Finance costs	23	(52,081,241)	(37,416,800)	(51,861,408)	(37,310,564)
<b>Profit (loss) before income tax</b>		(56,333,498)	143,936,593	(50,458,711)	124,247,654
Income tax	25	12,027,698	(2,182,126)	22,982,979	7,842,513
<b>Profit (loss) for the period</b>		<u>(44,305,800)</u>	<u>141,754,467</u>	<u>(27,475,732)</u>	<u>132,090,167</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(3,612,939)	(3,214,332)	(3,450,843)	(3,515,189)
Less: Income tax effect	25	611,889	535,122	579,470	555,733
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(3,001,050)	(2,679,210)	(2,871,373)	(2,959,456)
<b>Other comprehensive income for the year</b>		<u>(3,001,050)</u>	<u>(2,679,210)</u>	<u>(2,871,373)</u>	<u>(2,959,456)</u>
<b>Total comprehensive income for the year</b>		<u>(47,306,850)</u>	<u>139,075,257</u>	<u>(30,347,105)</u>	<u>129,130,711</u>
<b>Earnings per share</b>					
	27				
Basic earnings (loss) per share		(0.07)	0.25	(0.05)	0.23
Diluted earnings per share			0.24		0.23

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

Interhides Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Total
			Appropriated			
			Statutory reserve - the Company	Statutory reserve - the subsidiary		
<b>Balance as at 1 January 2019</b>	553,519,920	370,388,628	69,000,000	2,000,000	634,743,419	1,629,651,967
Exercised warrants	39,285,717	97,715,056	-	-	-	137,000,773
Dividend paid (Note 30)	-	-	-	-	(261,878,701)	(261,878,701)
Profit for the year	-	-	-	-	141,754,467	141,754,467
Other comprehensive income for the year	-	-	-	-	(2,679,210)	(2,679,210)
Total comprehensive income for the year	-	-	-	-	139,075,257	139,075,257
<b>Balance as at 31 December 2019</b>	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>2,000,000</u>	<u>511,939,975</u>	<u>1,643,849,296</u>
<b>Balance as at 1 January 2020</b>	592,805,637	468,103,684	69,000,000	2,000,000	511,939,975	1,643,849,296
Dividend paid (Note 30)	-	-	-	-	(59,280,443)	(59,280,443)
Loss for the year	-	-	-	-	(44,305,800)	(44,305,800)
Other comprehensive income for the year	-	-	-	-	(3,001,050)	(3,001,050)
Total comprehensive income for the year	-	-	-	-	(47,306,850)	(47,306,850)
<b>Balance as at 31 December 2020</b>	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>2,000,000</u>	<u>405,352,682</u>	<u>1,537,262,003</u>

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

**Interhides Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2020**

(Unit: Baht)

**Separate financial statements**

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>	553,519,920	370,388,628	69,000,000	609,190,045	1,602,098,593
Exercised warrants	39,285,717	97,715,056	-	-	137,000,773
Dividend paid (Note 30)	-	-	-	(261,878,701)	(261,878,701)
Profit for the year	-	-	-	132,090,167	132,090,167
Other comprehensive income for the year	-	-	-	(2,959,456)	(2,959,456)
Total comprehensive income for the year	-	-	-	129,130,711	129,130,711
<b>Balance as at 31 December 2019</b>	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>476,442,055</u>	<u>1,606,351,376</u>
<b>Balance as at 1 January 2020</b>	592,805,637	468,103,684	69,000,000	476,442,055	1,606,351,376
Dividend paid (Note 30)	-	-	-	(59,280,443)	(59,280,443)
Loss for the year	-	-	-	(27,475,732)	(27,475,732)
Other comprehensive income for the year	-	-	-	(2,871,373)	(2,871,373)
Total comprehensive income for the year	-	-	-	(30,347,105)	(30,347,105)
<b>Balance as at 31 December 2020</b>	<u>592,805,637</u>	<u>468,103,684</u>	<u>69,000,000</u>	<u>386,814,507</u>	<u>1,516,723,828</u>

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

**Interhides Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(56,333,498)	143,936,593	(50,458,711)	124,247,654
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	257,913,125	220,200,515	247,944,114	211,607,864
Impairment loss on financial assets	1,998,305	-	1,998,305	-
Reduce of inventory cost to net realisable value (reversal)	(4,317,680)	2,654,695	(1,318,635)	1,858,689
Gains on sales of financial assets	(29,960)	(226,067)	-	-
Gains on sales and written-off of machinery and equipment	(1,426,742)	(1,671,835)	(1,426,742)	(1,671,835)
Impairment loss on investment in subsidiary	-	-	8,500,000	-
Provision for long-term employee benefits (reversal)	(4,446,166)	6,274,343	(4,131,401)	6,305,741
Unrealised loss on exchange	1,610,942	85,095	1,564,711	100,478
Loss on written-off of refundable vat	2,398,844	-	2,358,891	-
Dividend income	-	-	(94,199,058)	(110,198,898)
Change in fair value of derivatives	14,209,203	9,269,899	14,209,203	9,269,899
Interest expenses	<u>52,081,241</u>	<u>37,416,800</u>	<u>51,861,408</u>	<u>37,310,564</u>
Profit from operating activities before changes in operating assets and liabilities	263,657,614	417,940,038	176,902,085	278,830,156
Operating assets (increase) decrease				
Trade and other receivables	-31,084,497	166,687,339	(37,224,430)	160,625,044
Inventories	28,381,995	-362,572,026	4,956,777	(371,729,327)
Other current assets	-10,033,583	17,302,321	(7,966,494)	17,505,669
Other non-current assets	59,179,848	-23,787,211	58,334,908	(23,786,107)
Operating liabilities increase (decrease)				
Trade and other payables	2,003,945	-74,967,416	4,095,325	(61,418,771)
Cash paid for long-term employee benefits	-1,455,480	-1,275,355	-1,125,060	-1,165,255
Other current liabilities	<u>(681,824)</u>	<u>(880,829)</u>	<u>(3,088,387)</u>	<u>(1,076,238)</u>
Cash flows from (used in) operating activities	309,968,018	138,446,861	194,884,724	(2,214,829)
Cash paid for interest expenses	-51,958,867	-37,649,942	(51,739,034)	(37,543,706)
Cash paid for income tax	<u>-19,441,673</u>	<u>-33,254,718</u>	<u>(7,772,694)</u>	<u>(27,368,646)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>238,567,478</u>	<u>67,542,201</u>	<u>135,372,996</u>	<u>(67,127,181)</u>

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

**Interhides Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Dividend received from a subsidiary company	-	-	94,199,058	110,198,898
Increase in short-term loans to related parties	-	-	(22,900,000)	-
Cash received from short-term loans to related parties	-	-	22,900,000	-
Purchase of financial assets	(112,500,000)	(27,885,772)	-	-
Proceeds from sales of financial assets	111,653,291	17,425,902	-	-
Acquisitions of property, plant and equipment	(158,167,072)	(332,973,697)	(140,160,269)	(313,837,748)
Cash paid for capitalised interest of property, plant and equipment	(1,891,707)	(4,644,539)	(1,891,707)	(4,644,539)
Acquisitions of intangible assets	(3,974,000)	(160,591)	(3,974,000)	(160,591)
Proceeds from disposals of machinery and equipment	<u>18,673,028</u>	<u>4,989,590</u>	<u>2,982,879</u>	<u>4,989,590</u>
<b>Net cash flows used in investing activities</b>	<u>(146,206,460)</u>	<u>(343,249,107)</u>	<u>(48,844,039)</u>	<u>(203,454,390)</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	1,862,335,884	2,372,489,000	1,862,335,884	2,372,489,000
Decrease in short-term loans from financial institutions	(1,812,519,384)	(2,207,508,547)	(1,812,519,384)	(2,207,490,000)
Increase in trust receipts	234,724,019	661,348,725	234,724,019	646,024,144
Decrease in trust receipts	(388,572,170)	(747,474,785)	(382,353,979)	(738,368,395)
Payment of lease liabilities	(19,690,833)	(2,816,816)	(19,247,570)	(2,677,540)
Increase in long-term loans	253,170,000	580,000,000	253,170,000	580,000,000
Decrease in long-term loans	(158,255,000)	(258,570,000)	(158,255,000)	(258,570,000)
Dividend paid	(59,276,944)	(261,880,960)	(59,276,944)	(261,880,960)
Cash received from exercised warrants	-	137,000,773	-	137,000,773
<b>Net cash flows from financing activities</b>	<u>(88,084,428)</u>	<u>272,587,390</u>	<u>(81,422,974)</u>	<u>266,527,022</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,276,590	(3,119,516)	5,105,983	(4,054,549)
Effect of exchange rate for cash and cash equivalents	(44,185)	(31,414)	(44,185)	(31,414)
Cash and cash equivalents at beginning of year	<u>1,904,950</u>	<u>5,055,880</u>	<u>412,562</u>	<u>4,498,525</u>
<b>Cash and cash equivalents at end of year</b>	<u>6,137,355</u>	<u>1,904,950</u>	<u>5,474,360</u>	<u>412,562</u>
<b>Supplemental cash flows information</b>				
Non-cash items				
Decrease in payable for purchase of machine	18,699,257	4,188,165	18,877,785	3,929,606
Increase in lease liabilities	4,459,995	46,398,375	4,459,995	44,516,262

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

## **Interhides Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2020**

#### **1. General information**

##### **1.1 General information of the Company**

Interhides Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are group of individuals. The Company is principally engaged in the manufacture and distribution of leather coverings for car seats and tanning services. The registered office of the Company is at 678 Soi T.J.C., Sukhumvit Road, Bangpoomai, Muang, Samutprakarn.

##### **1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic significantly affects the Group’s business activities, and this is significantly impacting the Group’s financial position, operating results, and cash flows including compliance with financial ratios as stipulated in the loan agreements. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

#### **2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Interhides Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 Percent	2019 Percent
Inter Seat Cover Company Limited	Manufacturing and trading of leather coverings for car seats	Thailand	100	100
Inter Green Company Limited	Manufacture and distribution of hydrolyzed protein from leather scrap by industrial process	Thailand	100	100

- b) The Company is deemed to have control over investees or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investees, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements present investments in the subsidiaries under the cost method.

## 3. New financial reporting standards

### a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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 Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

## **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group's financial statements.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets and reversal of deferred tax assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives.

### **b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### 4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investment - investment unit				
in open-ended fund	27,886	(27,886)	-	-
Other current financial assets	-	27,886	-	27,886
<b>Non-current assets</b>				
Property, plant and equipment	2,490,601	-	3,579	2,494,180
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	235,770	(11,193)	-	224,577
Other current financial liabilities	-	11,193	-	11,193
Current portion of liabilities under				
finance lease agreement	14,082	-	(14,082)	-
Current portion of lease liabilities	-	-	16,456	16,456

(Unit: Thousand Baht)

## Consolidated financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Non-current liabilities</b>				
Liabilities under finance lease agreement, net of current portion	34,769	-	(34,769)	-
Lease liabilities, net of current portion	-	-	35,974	35,974

(Unit: Thousand Baht)

## Seperate financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2,424,488	-	3,579	2,428,067
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	210,014	(11,193)	-	198,821
Other current financial liabilities	-	11,193	-	11,193
Current portion of liabilities under finance lease agreement	13,639	-	(13,639)	-
Current portion of lease liabilities	-	-	16,013	16,013

(Unit: Thousand Baht)

	Seperate financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Non-current liabilities</b>				
Liabilities under finance lease agreement, net of current portion	33,469	-	(33,469)	-
Lease liabilities, net of current portion	-	-	34,674	34,674

#### 4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Classification and measurement in accordance with TFRS 9			
	Carrying amounts under the former basis	Fair value through profit or loss	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	1,905	-	1,905	1,905
Other current financial assets	27,886	27,886	-	27,886
Trade and other receivables	143,453	-	143,453	143,453

(Unit: Thousand Baht)

	Separate financial statements			
	Classification and measurement in accordance with			
	TFRS 9			
Carrying amounts under the former basis	Fair value through profit or loss	Amortised cost	Total	
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	413	-	413	413
Trade and other receivables	152,379	-	152,379	152,379

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	16,791	16,135
Less: Short-term leases and leases of low-value assets	(12,382)	(11,726)
Less: Cancellation of lease agreement	(742)	(742)
Less: Deferred interest expenses	(88)	(88)
Increase in lease liabilities due to TFRS 16 adoption	3,579	3,579
Liabilities under finance lease agreements as at 31 December 2019	48,851	47,108
Lease liabilities as at 1 January 2020	52,430	50,687
Weighted average incremental borrowing rate (% per annum)	3.71	3.66
Comprise of:		
Current lease liabilities	16,456	16,013
Non-current lease liabilities	35,974	34,674
	52,430	50,687

The adjustments of right-of-use assets which are presented under “Property, plant and equipment” due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
	<hr/>
Machinery and equipment	2,889
Motor vehicles	690
	<hr/>
<b>Total right-of-use assets</b>	<b>3,579</b>
	<hr/> <hr/>

## 5. Significant accounting policies

### 5.1 Revenue Recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

#### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

Management service income is recognised over time when services have been rendered taking into account the stage of completion. Service rate charged and service period are stipulated in the contract.

#### *Dividends income*

Dividends are recognised when the right to receive the dividends is established.

## 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## 5.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

## 5.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

## 5.5 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Building improvement	-	5	years
Condominium	-	20	years
Machinery and equipment	-	10	years
Furniture, fixture and office equipment	-	5	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## **5.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **5.7 Intangible assets**

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives of the Group are computer software with useful live of 3 - 10 years. No amortisation is provided for computer software under installation.

## **5.8 Leases**

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

### **The Group as a lessee**

#### *Accounting policies adopted since 1 January 2020*

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

### ***Right-of-use assets***

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Machinery and equipment	-	2 - 3	years
Motor vehicles	-	5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use are presented as property, plant and equipment in the financial position.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### Accounting policies adopted before 1 January 2020

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **The Group as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

#### **5.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies and, individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

#### **5.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## 5.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of non-financial assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

## 5.12 Employee benefits

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### ***Post-employment benefits and other long-term employee benefits***

#### *Defined contribution plans*

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

#### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

### **5.13 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **5.14 Income Tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 5.15 Financial instruments

### Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

#### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives and financial assets with cash flows that are not solely payments of principal and interest.

#### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

#### **Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **Investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

### **.5.16 Derivatives**

The Group uses derivatives, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### **5.17 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 buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follow:

### **Reduce of inventory cost to net realisable value**

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based upon aging profile of inventories, market competition and prevailing economic condition.

### **Allowance for impairment of non-financial assets**

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## 7. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
<b><u>Transactions with subsidiary companies</u></b>					
<i>(Eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	155	200	Cost plus margin
Management income	-	-	19	17	Contract price
Rental and service income	-	-	26	21	Contract price
Services income	-	-	31	37	Agreed price
Purchase of goods	-	-	59	19	Cost plus margin
<b><u>Transactions with related companies</u></b>					
Sales of goods	12	13	12	13	Cost plus margin

As at 31 December 2020 and 2019, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 9)</b>				
Subsidiary companies	-	-	76,571	41,549
Related company (related by common director)	1,597	4,193	1,597	4,193
Total trade and other receivables - related parties	1,597	4,193	78,168	45,742
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 16)</b>				
Subsidiary companies	-	-	38,793	3,524
Related companies (related by common director)	-	39	-	39
Total trade and other payables - related parties	-	39	38,793	3,563

### Loans to related parties

As at 31 December 2020 and 2019, the balances of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

Short-term loans	Separate financial statements			
	Balance as at		Balance as at	
	31 December	Increase during	Decrease during	31 December
	2019	the year	the year	2020
Inter Seat Cover Company Limited	-	16,000	(16,000)	-
Inter Green Company Limited	-	6,900	(6,900)	-
Total	-	22,900	(22,900)	-

The short-term loans carry interest at rates of 2.40% to 3.35% per annum.

### Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2020	2019
Short-term employee benefits	14,884	19,844
Post-employment benefits	863	1,675
Other long-term benefits	12	28
Total	15,759	21,547

## **8. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	40	55	23	42
Bank deposits	6,097	1,850	5,451	371
Total	6,137	1,905	5,474	413

As at 31 December 2020, bank deposits in saving accounts carried interests between 0.04% - 0.30% per annum (2019: 0.04% - 0.22% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	722	381	27,408	12,255
Past due				
Up to 1 month	875	3,812	26,561	15,732
1 - 2 months	-	-	127	218
2 - 3 months	-	-	3,055	272
3 - 6 months	-	-	7,041	836
6 - 12 months	-	-	-	422
Total trade accounts receivable - related parties	1,597	4,193	64,192	29,735
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	151,294	102,290	90,611	70,931
Past due				
Up to 1 month	9,778	28,431	9,298	27,430
1 - 2 months	5,012	1,449	5,012	1,201
2 - 3 months	1,980	7	1,980	8
3 - 6 months	29	6,355	28	6,355
6 - 12 months	523	170	523	170
Over 12 months	10,135	8,350	10,119	8,334
Total	178,751	147,052	117,571	114,429
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(10,175)	(8,350)	(10,159)	(8,334)
Total trade accounts receivable - unrelated parties, net	168,576	138,702	107,412	106,095
Total trade accounts receivable, net	170,173	142,895	171,604	135,830
<u>Other receivables</u>				
Other receivable - related parties	-	-	13,976	16,007
Other receivable	1,971	594	1,630	578
Total	1,971	594	15,606	16,585
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(209)	(36)	(209)	(36)
Total other receivables, net	1,762	558	15,397	16,549
Total trade and other receivables, net	171,935	143,453	187,001	152,379

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	8,386	8,370
Provision for expected credit losses	1,998	1,998
As at 31 December 2020	<u>10,384</u>	<u>10,368</u>

## 10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	231,642	368,906	(15,320)	(16,465)	216,322	352,441
Work in process	627,143	474,575	(12,884)	(15,928)	614,259	458,647
Raw materials	92,484	116,227	(9,255)	(9,384)	83,229	106,843
Supplies	18,252	15,945	-	-	18,252	15,945
Raw materials in transit	36,454	58,705	-	-	36,454	58,705
Total	<u>1,005,975</u>	<u>1,034,358</u>	<u>(37,459)</u>	<u>(41,777)</u>	<u>968,516</u>	<u>992,581</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	223,994	350,569	(13,687)	(13,679)	210,307	336,890
Work in process	600,591	454,342	(11,836)	(15,168)	588,755	439,174
Raw materials	85,705	90,346	(6,591)	(4,586)	79,114	85,760
Supplies	18,094	15,827	-	-	18,094	15,827
Raw materials in transit	36,448	58,705	-	-	36,448	58,705
Total	<u>964,832</u>	<u>969,789</u>	<u>(32,114)</u>	<u>(33,433)</u>	<u>932,718</u>	<u>936,356</u>

During the current year, the Group reduced cost of inventories by Baht 14.6 million (2019: Baht 13.9 million) (The Company only: Baht 12.3 million and 2019: Baht 11.2 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 18.9 million (2019: Baht 11.2 million) (The Company only: Baht 13.6 million and 2019: Baht 9.4 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Other current financial assets

	(Unit: Thousand Baht)	
	31 December 2020	
	Consolidated financial statements	Separate financial statements
<b>Financial assets at FVTPL</b>		
Unit trust in open-ended fund	28,762	-
Derivative assets (Note 33.1)	229	229
<b>Total</b>	<b>28,991</b>	<b>229</b>

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company	Paid-up share capital		Percentage of		Cost		(Unit: Thousand Baht)	
			shareholding				Dividend received	
	2020	2019	2020	2019	2020	2019	during the year	
			percent	percent				
Inter Seat Cover Company Limited	20,000	20,000	100	100	20,000	20,000	94,199	110,199
Inter Green Company Limited	50,000	50,000	100	100	50,000	50,000	-	-
<b>Total</b>					<b>70,000</b>	<b>70,000</b>	<b>94,199</b>	<b>110,199</b>
Less: Allowance for impairment					(8,500)	-		
<b>Net</b>					<b>61,500</b>	<b>70,000</b>		

### Inter Seat Cover Company Limited

On 12 November 2020, the Company's Board of Directors meeting passed a resolution approving the transfer of employees and production of Inter Seat Cover Company Limited to the Company and the registration of its liquidation in 2021.

### Inter Green Company Limited

During the year 2020, the Company recognises an impairment loss for investment in subsidiary amounting to Baht 8.5 million within administrative expenses in the statement of comprehensive income to reduce the carrying amount of the asset to its recoverable amount.

The Company has determined the recoverable amounts of its investment in subsidiary based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period.

Key assumptions used in value in use calculations are as follows:

	(Unit: % per annum)
Terminal growth rate	2
Pre-tax discount rate	14.8

Management has considered terminal growth rate from expected long-term market growth rate and discount rate as a pre-tax rate to reflect the risks specific to the subsidiary.

These assumptions are based on management of the Company's judgement, past experiences and business plan, as well as the future prediction that is believed to be reasonable in the present situation. Changes in the information or new noticeable information may lead to the change in the assumptions and the discount rate for the estimation of the discounted future cash flows along with sensitivity of key assumptions effect to the recoverable amount.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements											
	Land	Land improvement	Buildings and building improvement	Condominium	Machinery and equipment	Right-of-use assets - machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Right-of-use assets - motor vehicles	Assets under installation and construction	Machinery in transit	Total
<b>Cost:</b>												
As at 1 January 2019	686,375	46,254	1,149,371	9,444	1,727,247	-	46,185	33,195	-	229,986	16,895	3,944,952
Acquisitions	112,843	2,901	-	1,648	10,280	-	1,719	11,727	-	229,021	5,045	375,184
Disposal/written-off	-	-	(550)	-	(22,471)	-	(2,247)	(4,063)	-	-	-	(29,331)
Transfer	-	-	117,948	-	231,466	-	1,451	-	-	(333,679)	(16,895)	291
Capitalised interest	-	-	-	-	-	-	-	-	-	4,645	-	4,645
As at 31 December 2019	799,218	49,155	1,266,769	11,092	1,946,522	-	47,108	40,859	-	129,973	5,045	4,295,741
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(61,447)	64,336	-	(8,067)	8,757	-	-	3,579
Addition	-	-	-	-	22,292	4,470	627	89	-	114,777	1,681	143,936
Disposal/written-off	-	-	-	-	(16,876)	(10)	(55)	(2,521)	-	(14,823)	-	(34,285)
Transfer	-	-	(46,448)	-	181,915	-	221	-	-	(130,643)	(5,045)	-
Capitalised interest	-	-	-	-	-	-	-	-	-	1,798	-	1,798
As at 31 December 2020	799,218	49,155	1,220,321	11,092	2,072,406	68,796	47,901	30,360	8,757	101,082	1,681	4,410,769

(Unit: Thousand Baht)

Consolidated financial statements												
	Land	Land improvement	Buildings and improvement	Condominium	Machinery and equipment	Right-of-use assets - machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Right-of-use assets - motor vehicles	Assets under installation and construction	Machinery in transit	Total
<b>Accumulated depreciation:</b>												
As at 1 January 2019	-	-	532,449	785	1,017,947	-	37,378	22,869	-	-	-	1,611,428
Depreciation for the year	-	-	70,818	539	141,858	-	3,020	3,490	-	-	-	219,725
Depreciation on disposal/ written-off	-	-	(25)	-	(19,946)	-	(2,009)	(4,033)	-	-	-	(26,013)
As at 31 December 2019	-	-	603,242	1,324	1,139,859	-	38,389	22,326	-	-	-	1,805,140
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(15,979)	15,979	-	(174)	174	-	-	-
Depreciation for the year	-	-	53,826	555	191,073	3,190	3,036	5,209	159	-	-	257,048
Depreciation on disposal/ written-off	-	-	-	-	(14,486)	-	(27)	(2,516)	-	-	-	(17,029)
As at 31 December 2020	-	-	657,068	1,879	1,300,467	19,169	41,398	24,845	333	-	-	2,045,159
<b>Net book value:</b>												
As at 31 December 2019	799,218	49,155	663,527	9,768	806,663	-	8,719	18,533	-	129,973	5,045	2,490,601
As at 31 December 2020	799,218	49,155	563,253	9,213	771,939	49,627	6,503	5,515	8,424	101,082	1,681	2,365,610
<b>Depreciation for the year:</b>												
2019 (Baht 204 million included in manufacturing cost, and the balance in administrative expenses)												219,725
2020 (Baht 187 million included in manufacturing cost, and the balance in administrative expenses)												257,048

(Unit: Thousand Baht)

	Separate financial statements											
	Land	Land improvement	Buildings and building improvement	Condominium	Machinery and equipment	Right-of-use assets - machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Right-of-use assets - motor vehicles	Assets under installation and construction	Machinery in transit	Total
<b>Cost:</b>												
As at 1 January 2019	681,587	46,255	1,140,667	9,444	1,647,735	-	45,375	33,195	-	206,419	16,175	3,826,852
Acquisitions	112,843	2,900	-	1,648	9,501	-	1,709	9,022	-	211,756	5,045	354,424
Disposal/written-off	-	-	(550)	-	(22,471)	-	(2,247)	(4,063)	-	-	-	(29,331)
Transfer	-	-	117,948	-	213,489	-	1,470	-	-	(316,442)	(16,175)	290
Capitalised interest	-	-	-	-	-	-	-	-	-	4,645	-	4,645
As at 31 December 2019	794,430	49,155	1,258,065	11,092	1,848,254	-	46,307	38,154	-	106,378	5,045	4,156,880
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(61,447)	64,336	-	(5,740)	6,430	-	-	3,579
Addition	-	-	-	-	20,481	4,460	618	50	-	98,452	1,681	125,742
Disposal/written-off	-	-	-	-	(15,997)	-	(45)	(2,522)	-	-	-	(18,564)
Transfer	-	-	(46,448)	-	181,608	-	221	-	-	(130,336)	(5,045)	-
Capitalised interest	-	-	-	-	-	-	-	-	-	1,798	-	1,798
As at 31 December 2020	794,430	49,155	1,211,617	11,092	1,972,899	68,796	47,101	29,942	6,430	76,292	1,681	4,269,435

(Unit: Thousand Baht)

	Separate financial statements											
		Land	Buildings and		Machinery and	Right-of-use	Furniture,		Right-of-use	Assets under		Total
	Land	improvement	building	Condominium	equipment	assets - machinery and equipment	fixture and office equipment	Motor vehicles	assets - motor vehicles	installation and construction	Machinery in transit	
<b>Accumulated depreciation:</b>												
As at 1 January 2019	-	-	528,192	785	958,500	-	36,895	22,869	-	-	-	1,547,241
Depreciation for the year	-	-	68,280	539	136,096	-	2,921	3,328	-	-	-	211,164
Depreciation on disposal/ written-off	-	-	(25)	-	(19,946)	-	(2,009)	(4,033)	-	-	-	(26,013)
As at 31 December 2019	-	-	596,447	1,324	1,074,650	-	37,807	22,164	-	-	-	1,732,392
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(15,979)	15,979	-	(35)	35	-	-	-
Depreciation for the year	-	-	51,867	555	183,740	3,190	2,942	4,660	158	-	-	247,112
Depreciation on disposal/ written-off	-	-	-	-	(14,465)	-	(27)	(2,516)	-	-	-	(17,008)
As at 31 December 2020	-	-	648,314	1,879	1,227,946	19,169	40,722	24,273	193	-	-	1,962,496
<b>Net book value:</b>												
As at 31 December 2019	794,430	49,155	661,618	9,768	773,604	-	8,500	15,990	-	106,378	5,045	2,424,488
As at 31 December 2020	794,430	49,155	563,303	9,213	744,953	49,627	6,379	5,669	6,237	76,292	1,681	2,306,939
<b>Depreciation for the year:</b>												
2019 (Baht 196 million included in manufacturing cost, and the balance in administrative expenses)												211,164
2020 (Baht 176 million included in manufacturing cost, and the balance in administrative expenses)												247,112

As at 31 December 2020, the Company had an outstanding balance of building and equipment amounting to Baht 76 million (2019: Baht 98 million). Construction and installation of the assets has been financed with loans from several financial institutions. Borrowing costs amounting to Baht 1.8 million were capitalised during the year ended 31 December 2020 (2019: Baht 4.6 million). The weighted average rate of 2.02% - 2.48% (2019: 2.30% - 2.36%) has been used to determine the amount of borrowing costs eligible for capitalisation.

As at 31 December 2020, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 965 million (2019: Baht 863 million) (The Company only: Baht 949 million, 2019: Baht 847 million).

The Company has pledged its property, plant and equipment amounting to approximately Baht 867 million (2019: Baht 876 million) as collateral against credit facilities which the Group received from financial institutions.

#### 14. Intangible assets

Intangible asset of the Group are details as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer under installation	Total	Computer software	Computer under installation	Total
As at 31 December 2020:						
Cost	20,145	10,585	30,730	19,818	10,585	30,403
Less: Accumulated amortisation	(10,106)	-	(10,106)	(9,861)	-	(9,861)
Net book value	10,039	10,585	20,624	9,957	10,585	20,542
As at 31 December 2019:						
Cost	11,470	15,191	26,661	11,144	15,191	26,335
Less: Accumulated amortisation	(9,239)	-	(9,239)	(9,029)	-	(9,029)
Net book value	2,231	15,191	17,422	2,115	15,191	17,306

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements					
	Computer		software under		Total		Computer		software under		Total	
	software	installation	software	installation								
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019		
Net book value at beginning of year	2,231	2,686	15,191	15,341	17,422	18,027	2,115	2,539	15,191	15,341	17,306	17,880
Acquisition of computer software	-	20	4,068	140	4,068	160	-	20	4,068	140	4,068	160
Transfer	8,674	-	(8,674)	(290)	-	(290)	8,674	-	(8,674)	(290)	-	(290)
Amortisation	(866)	(475)	-	-	(866)	(475)	(832)	(444)	-	-	(832)	(444)
Net book value at end of year	10,039	2,231	10,585	15,191	20,624	17,422	9,957	2,115	10,585	15,191	20,542	17,306

## 15. Short-term loans from financial institutions/Trust receipts

(Unit: Thousand Baht)

	Interest rate		Consolidated financial		Separate	
	(% per annum)		statements		financial statements	
	2020	2019	2020	2019	2020	2019
Promissory notes	1.80 - 2.95	2.18 - 2.50	899,516	849,699	899,516	849,699
Trust receipts	0.40 - 1.30	0.50 - 1.95	58,828	212,887	58,828	206,669

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts payable - related parties	-	-	38,725	3,524
Trade accounts payable	156,414	153,342	96,819	127,403
Other payable - related party	25,809	39	68	39
Other payable	-	35,959	23,997	34,145
Payables for purchase of machinery	17,080	35,779	16,072	34,950
Accrued expenses	10,063	10,650	9,797	9,953
Total trade and other payables	209,366	235,769	185,478	210,014

## 17. Lease liabilities / Liabilities under finance lease agreements

### 17.1 The Group as a lessee

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	37,099	49,563	35,705	47,647
Less: Deferred interest expenses	(2,046)	(712)	(1,952)	(539)
Total	35,053	48,851	33,753	47,108
Less: Portion due within one year	(12,749)	(14,082)	(12,543)	(13,639)
Lease liabilities / Liabilities under finance lease agreements - net of current portion	<u>22,304</u>	<u>34,769</u>	<u>21,210</u>	<u>33,469</u>

A maturity analysis of lease payments is disclosed in Note 33.2 to the financial statements under the liquidity risk.

Expenses relating to leases that are recognised in profit or loss are as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Interest expense on lease liabilities	1,699	1,620
Expense relating to short-term leases	8,462	8,148
Expense relating to leases of low-value assets	2,255	2,255

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 32 million, including the cash outflow related to short-term lease and leases of low-value assets. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 4.4 million (The Company only: Baht 4.4 million).

## 17.2 The Group as a lessor

The Company has entered into several lease contracts in respect of the lease of building and equipment with subsidiaries. The terms of the agreements are generally 1 - 3 years. These contracts are non-cancellable.

The Company has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 and 2019 as follows:

	(Unit: Million Baht)	
	Separate	
	financial statements	
	2020	2019
Within 1 year	13	18
Over 1 and up to 2 years	9	8
Total	22	26

## 18. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated/ Separate	
			financial statements	
Loan	Interest rate (%)	Repayment schedule	2020	2019
1	THBFIX1M+1.88 for first 3 years and MLR - 2 for years 4 to 5	Monthly installments as from June 2016	-	23,620
2	MLR - 2.25 for first 3 years and MLR - 2 for years 4 to 5	Monthly installments as from July 2016	-	10,569
3	MLR - 2.50 for the period 1 to 36 and MLR - 2.25 for the period 37 to 52	Monthly installments as from December 2017	40,170	51,750
4	THBFIX6M+1.58 for the period 1 to 36	Monthly installments as from July 2018	62,000	77,600
5	MLR - 3.00 for the period 1 to 36	Monthly installments as from September 2018	16,600	49,960
6	THBFIX6M+1.22 for the period 1 to 36	Monthly installments as from June 2019	138,730	161,010
7	THBFIX6M+1.22 for the period 1 to 36	Monthly installments as from July 2019	36,000	41,600
8	THBFIX6M+1.50 for the period 1 to 60	Monthly installments as from December 2019	91,650	98,330
9	THBFIX6M+1.50 for the period 1 to 36	Monthly installments as from December 2019	25,750	29,150
10	THBFIX6M+1.50 for the period 1 to 60	Monthly installments as from December 2019	183,300	196,660
11	2 for the period 1 to 36	Monthly installments as from May 2022	20,000	-
12	3 for the period 1 to 54	Monthly installments as from April 2020	27,644	-
13	THBFIX6M+2.20 for the period 1 to 60	Monthly installments as from November 2020	193,320	-
Total			835,164	740,249
Less: Current portion			(221,048)	(291,469)
Long-term loans, net of current portion			614,116	448,780

Movement of the long-term loan account during the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht) Consolidated /Separate financial statements
Balance as at 1 January 2020	740,249
Add: Addition during the period	253,170
Less: Repayment during the period	(158,255)
Balance as at 31 December 2020	<u>835,164</u>

On 17 April 2020, the Company made amendments to long-term loan agreements with a local financial institution, whereby the repayment of principal was deferred for April to September 2020, and the Company was required to make a complete repayment of principal within November 2020 and November 2022.

Subsequently, on 12 May 2020, the Company made amendments to long-term loan agreements with a local financial institution, whereby the repayment of principal was deferred for May 2020 to April 2021, and the Company was required to make a complete repayment of principal over a period starting from August 2022 to November 2025.

Certain loans are secured by the mortgage of certain land with structures of the Company.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio, debt service coverage ratio and including restrictions on disposals of assets as prescribed in the agreements.

In December 2020, the Company received a waiver letter from a financial institution, approving a waiver for compliance with the debt-service coverage ratio as stipulated in the loan agreements.

However, as at 31 December 2020, the Company was unable to maintain the debt-service coverage ratio as stipulated in the loan agreement made with another financial institution, resulting in the loan becoming payable on demand. However, as stipulated in the loan payment schedule, the Company already classified the loan as current portion due within one year. In addition, on 10 February 2021, the Company received a waiver letter from that financial institution, approving a waiver for compliance with the debt-service coverage ratio as stipulated in the loan agreement.

The Company has entered into interest rate swap contracts for certain loans as discussed in Note 33.2 to the financial statements under the interest rate risk.

## 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which are compensation payable to employee after they retire and other long-term employee benefits as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Post-employment benefits	22,917	22,763	21,750	21,565
Other long-term employee benefits	1,408	3,851	1,408	3,399
<b>Total</b>	<b>24,325</b>	<b>26,614</b>	<b>23,158</b>	<b>24,964</b>

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	22,763	13,492	21,565	12,165
Included in profit or loss:				
Current service cost	1,665	2,057	1,548	1,945
Interest cost	531	488	511	467
Past service cost	(4,623)	4,575	(4,623)	4,426
Included in other comprehensive income:				
Actuarial loss				
Demographic assumptions changes	-	872	-	873
Financial assumptions changes	1,566	1,465	1,502	1,441
Experience adjustments	2,047	877	1,949	1,201
Benefits paid during the year	(1,032)	(1,063)	(702)	(953)
<b>Provision for long-term employee benefits at end of year</b>	<b>22,917</b>	<b>22,763</b>	<b>21,750</b>	<b>21,565</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cost of sales	(1,363)	2,728	(1,500)	2,447
Selling and administrative expenses	(1,064)	4,392	(1,064)	4,391
<b>Total expenses recognised in profit or loss</b>	<b>(2,427)</b>	<b>7,120</b>	<b>(2,564)</b>	<b>6,838</b>

During the year, the Company downsized the project since there was a significant reduction in the number of employees. The Company reflected the effect of the change by recognising past service costs in the income statement.

The Group expects to pay Baht 1 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.9 million) (2019: Baht 1 million, separate financial statements: Baht 0.8 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit of the Group are 8 years and 6 years, respectively (2019: 10 years and 6 years, respectively).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	0.7 and 1.1	1.5 and 2.3	1.1	1.5
Salary increase rate (depending on employee type)	3.0 - 4.5	3.5 - 4.5	3.0 - 4.5	3.5 - 4.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2020			
	Consolidated financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(604)	(1,177)	638	1,287
Salary increase rate	732	1,498	(701)	(1,371)

(Unit: Thousand Baht)

	As at 31 December 2020			
	Separate financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(566)	(1,103)	598	1,231
Salary increase rate	688	1,407	(658)	(1,288)

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(504)	(983)	530	1,088
Salary increase rate	625	1,277	(600)	(1,176)

(Unit: Thousand Baht)

	As at 31 December 2019			
	Separate financial statements			
	Increase 0.5%	Increase 1%	Decrease 0.5%	Decrease 1%
Discount rate	(468)	(913)	492	1,011
Salary increase rate	582	1,190	(559)	(1,096)

## 20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 21. Revenues from contracts with customers

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Type of goods or service:</b>				
Sale of leather and other products	1,104,149	1,339,824	814,085	967,849
Tanning services	229,687	215,843	229,687	215,843
Total revenue from contracts with customers - recognised at a point in time	<u>1,333,836</u>	<u>1,555,667</u>	<u>1,043,772</u>	<u>1,183,692</u>

## 22. Other income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Rental income	-	84	19,856	17,785
Management fee income	-	-	18,801	17,500
Utility income	-	-	3,427	2,876
Gain on exchange	20	8,073	-	7,889
Gain on disposal/ written-off of assets	1,427	1,672	1,427	1,672
Others	2,599	5,512	5,172	4,908
Total	4,046	15,341	48,683	52,630

## 23. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expenses on loans	50,382	37,190	50,241	37,118
Interest expenses on lease liabilities	1,699	227	1,620	192
Total	52,081	37,417	51,861	37,130

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	161,909	286,741	154,364	269,949
Depreciation	257,048	219,725	247,112	211,164
Amortisation expenses	865	475	832	444
Utility expenses	43,369	62,609	43,749	62,232
Repair and maintenance expenses	32,635	40,887	30,706	33,142
Loss on derivatives	14,209	10,005	14,209	10,005
Impairment loss on investment	-	-	8,500	-
Raw materials and consumables used	646,440	987,994	510,299	827,801
Changes in inventories of finished goods and work in process	(15,304)	(379,426)	(19,674)	(388,226)
Changes in the reduction of inventory cost to net realisable value (reversal)	(4,318)	2,655	(1,319)	1,859

## 25. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Current income tax charge	17,095	10,174	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(29,123)</u>	<u>(7,992)</u>	<u>(22,983)</u>	<u>(7,842)</u>
<b>Income tax expenses (benefits) reported in the statement of comprehensive income</b>	<u><u>(12,028)</u></u>	<u><u>2,182</u></u>	<u><u>(22,983)</u></u>	<u><u>(7,842)</u></u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax on actuarial loss	612	535	579	556

Reconciliation between accounting profit (loss) and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit (loss) before tax	(56,333)	143,937	(50,459)	124,248
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(11,267)	28,787	(10,092)	24,850
Unrecognised tax losses as deferred tax assets	5,044	1,259	5,044	-
Recognised past tax losses as deferred tax assets	(5,230)	-	-	-
Effects of:				
Dividend income allowed to excluded in tax calculation	-	-	(18,840)	(22,040)
Promotional privileges	-	(26,764)	-	(9,619)
Non-deductible expenses	2,725	1,224	4,225	1,115
Additional expense deductions allowed	(3,871)	(3,175)	(3,320)	(2,939)
Others	571	851	-	791
Total	(575)	(27,864)	(17,935)	(32,692)
Income tax expenses (benefits) reported in the statement of comprehensive income	(12,028)	2,182	(22,983)	(7,842)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	6,716	8,033	5,647	6,364
Provision for long-term employee benefits	4,429	4,498	4,216	4,519
Loss on fair value measurement of derivatives	2,386	-	2,386	-
Leases	8	-	8	-
Unused tax loss	35,707	6,981	29,169	6,981
Total	49,246	19,512	41,426	17,864

As at 31 December 2020, the Group has deductible temporary differences and unused tax losses totaling Baht 38 million (2019: Baht 29 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 207 million will expire by 2021 to 2027 (2019: year 2021 to 2024).

## **26. Promotional privileges**

The Company has received promotional privileges from the Board of Investment for the manufacture of finishing, pursuant to the investment promotion certificate No.1785(2)/2554 issued on 3 May 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of eight years from the date the promoted operations begin generating revenues (3 January 2014) to extent that the amount of tax exempted does not exceed the amount of investment (excluding land cost and working capital). This privilege will expire on 2 January 2022.

On 9 April 2019, the Company received promotional privileges from the Board of Investment for the leather tanning or the manufacture of finished leather, regarding improvement of production efficiency for renewable energy utilization, pursuant to the investment promotion certificate No.62-0364-1-04-1-0. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax of the promoted operation for a period of three years from the date of the first earning operating income after promotion certificate is issued to extent that the amount of tax exempted does not exceed 50% of capital investment in production efficiency improvement (excluding land cost and working capital), or a total of Baht 38,165,000. However, the amount of tax exempted will be amended to actual amount of capital investment excluding land cost and actual working capital on the day of implementation of the promoted project (9 April 2019).

The Group's operating revenues for the years ended 31 December 2020 and 2019, divided between promoted and non-promoted operation, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales and services income						
Domestic	21,244	414,258	823,506	705,811	844,750	1,120,069
Export	15,468	31,751	473,618	403,847	489,086	435,598
Total sales and services income	<u>36,712</u>	<u>446,009</u>	<u>1,297,124</u>	<u>1,109,658</u>	<u>1,333,836</u>	<u>1,555,667</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales and services income						
Domestic	151,946	215,622	402,740	532,472	554,686	748,094
Export	15,468	31,751	473,618	403,847	489,086	435,598
Total sales and services income	<u>167,414</u>	<u>247,373</u>	<u>876,358</u>	<u>936,319</u>	<u>1,043,772</u>	<u>1,183,692</u>

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share for year 2020 and 2019:

Consolidated financial statements					
Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(Thousand Baht)	(Thousand Baht)	Thousand shares)	Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit (loss) for the year	<u>(44,306)</u>	141,754	<u>592,806</u>	577,678	(0.07) 0.25
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (IHL-W1)	<u>-</u>		<u>5,747</u>		
<b>Diluted earnings per share</b>					
Profit attributable to equity of the Company holders assuming the conversion of warrants to ordinary shares		<u>141,754</u>		<u>583,425</u>	0.24
Separate financial statements					
Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(Thousand Baht)	(Thousand Baht)	Thousand shares)	Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit (loss) for the year	<u>(27,476)</u>	132,090	<u>592,806</u>	577,678	(0.05) 0.23
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (IHL-W1)	<u>-</u>		<u>5,747</u>		
<b>Diluted earnings per share</b>					
Profit attributable to equity of the Company holders assuming the conversion of warrants to ordinary shares		<u>132,090</u>		<u>583,425</u>	0.23

## 28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- Manufacturing and distribution of leather and other products consisting of leather coverings for car seat and other by products from production
- Servicing segment, which provides bleaching, dyeing finishing service and other services

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	For the year ended 31 December							
	Manufacturing and distribution of leather and other products		Services		Adjustments and eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues from external customers	1,348	1,596	230	216	(244)	(256)	1,334	1,556
Segment operating gross profit (loss)	422	637	(11)	(25)	(244)	(256)	167	359
Unallocated income (expenses):								
Other income							4	15
Selling and distribution expenses							(17)	(24)
Administrative expenses							(158)	(169)
Finance cost							(52)	(37)
Profit (loss) before income tax							(56)	144
Income tax							12	(2)
Profit (loss) for the year							(44)	142

The chief operating decision maker monitors the total assets for business operations, therefore, no allocation of assets to each segment.

### Geographic information

Revenue from external customers is based on locations of the customers are as follow.

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Revenue from external customers		
Thailand	819	1,117
China	238	166
Japan	69	91
Vietnam	45	3
Indonesia	41	46
Malaysia	42	28
England	35	53
Others	45	52
Total	<u>1,334</u>	<u>1,556</u>

### Major customers

For the year 2020, the Group has revenues from 4 major customers in amount of Baht 897 million, consisting of three major customers in amount of Baht 678 million ,arising from sales by the manufacturing and distribution of leather and other products segment and one major customer in amount of Baht 219 million, arising from services segment (2019: Baht 1,158 million, consisting of four major customers in amount of Baht 1,015 million ,arising from sales by the manufacturing and distribution of leather and other products segment and one major customer in amount of Baht 143 million, arising from services segment).

### 29. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 2% of basic salary. The fund, which is managed by CIMB-Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to Baht 0.5 million. (2019: Baht 0.9 million).

### 30. Dividend

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividend for 2018	Annual General Meeting of the shareholders on 24 April 2019	174,586	0.30
Interim dividend for 2019	Board of Director's meeting of the Company held on 13 August 2019	87,293	0.15
Total for 2019		261,879	
Interim dividend for 2019	Board of Director's meeting of the Company held on 13 April 2020	59,280	0.10
Total for 2020		59,280	

### 31. Commitments and contingent liabilities

#### 31.1 Lease commitments and service commitments

The Group has entered into several lease contracts in respect of the lease of equipment and service contracts. The terms of the agreements are generally 1 - 4 years. These contracts are non-cancellable.

the Group has future lease payments required under these non-cancellable leases contracts and service contracts as follows:

	(Unit: Million Baht)			
	Operating lease agreements		Service agreements	
	2020	2019	2020	2019
Payable:				
In up to 1 year	3	12	8	7
In over 1 and up to 3 years	1	4	1	-

#### 31.2 Capital commitments

As at 31 December 2020, the Company had capital commitment of approximately Baht 7 million and USD 0.4 million (2019: Baht 34 million and Euro 0.1 million) relating to construction of factory building and purchase of machinery.

#### 31.3 Purchase of raw material commitments

As at 31 December 2020, the Company had commitments of approximately USD 0.3 million (2019: USD 1.4 million) relating to purchase of raw materials.

### 31.4 Bank guarantees

As at 31 December 2020, there were outstanding bank guarantees of Baht 17 million (2019: Baht 20 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 5 million (2019: Baht 4 million) to guarantee payments due to government agencies, Baht 11 million (2019: Baht 11 million) to guarantee electricity use, Baht 1 million to guarantee natural gas use (2019: Baht 1 million) and to guarantee for purchase of inventory (2019: Baht 4 million).

### 32. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Financial assets measured at FVTPL		
Unit trust in open-ended fund	28,762	27,886
Derivatives		
Foreign exchange forward contracts	229	74
<b>Liabilities measured at fair value</b>		
Derivatives		
Foreign exchange forward contracts	912	-
Interest rate swap contracts	24,720	11,193

	(Unit: Thousand Baht)	
	Separate financial statements	
	2020	2019
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Derivatives		
Foreign exchange forward contracts	229	74
<b>Liabilities measured at fair value</b>		
Derivatives		
Foreign exchange forward contracts	912	-
Interest rate swap contracts	24,720	11,193

### 33. Financial instruments

#### 33.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	<u>2020</u>	<u>2019</u>
<b>Derivative assets</b>		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	<u>229</u>	<u>74</u>
<b>Total derivative assets</b>	<u>229</u>	<u>74</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	912	-
Interest rate swap contracts	<u>24,720</u>	<u>11,193<sup>1</sup></u>
<b>Total derivative liabilities</b>	<u>25,632</u>	<u>11,193</u>

<sup>1</sup> presented under the caption of trade and other payables in the statement of financial position

#### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 6 months.

In addition, the Group enters into interest rate swap contracts, in which it agrees to exchange, at specified intervals, between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

#### 33.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivable, unit trust in open-ended fund, trade account payable and other accounts payable, short-term loans, trust receipts, derivatives and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

##### Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

### ***Trade and other receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade and other receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### ***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are two types of market risk comprises interest rate risk and currency risk. The Group enters into a variety of derivative financial instruments to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods and machines;
- interest rate swap contracts to mitigate the risk of rising interest rates;

### ***Foreign currency risk***

The Group's exposure to the foreign currency risk relates primarily to purchase and sales of goods and services and purchase of machinery that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	2	2	3	30.04	30.15
Euro	-	-	1	1	36.88	33.73
Chinese Yuan	-	-	1	3	4.62	4.31
Yen	-	-	2	-	0.29	-

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2020

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
US dollar	1	0.5	30.24 - 31.03	30.12 - 31.69	20 January - 10 May 2021

As at 31 December 2019

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
US dollar	2	2	30.11 - 30.43	30.14 - 30.54	10 January - 19 May 2020

### Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's loss before tax to a reasonably possible change in EUR exchange rate, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020.

Currency	Increase (decrease)	Effect on loss before tax
		Increase (decrease)
EUR	(%)	(Million Baht)
	10.0	4
	(10.0)	(4)

This information is not a forecast or prediction of future market conditions and should be used with care

### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, short-term loan, trust receipts, lease liabilities and long-term loans. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by entering into interest rate swap contracts, in which it agrees to exchange, at specified intervals, between variable rate and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2020						
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
Within 1 year	1 - 5 years	Over 5 years				
<b><u>Financial assets</u></b>						
Cash and cash equivalents	-	-	6	-	6	Note 8
Trade and other receivables	-	-	-	172	172	-
Other current financial assets	-	-	-	29	29	-
<b><u>Financial liabilities</u></b>						
Short-term loans from financial institutions						
	900	-	-	-	900	Note 15
Trust receipts	59	-	-	-	59	Note 15
Trade and other payables	-	-	-	209	209	-
Lease liabilities	14	23	-	-	37	2.44 - 4.75
Long-term loans	7	40	-	788	835	Note 18

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	1	1	2	Note 8
Current investment	-	-	-	-	28	28	-
Trade and other receivables	-	-	-	-	143	143	-
<u>Financial liabilities</u>							
Short-term loans from financial institutions							
	850	-	-	-	-	850	Note 15
Trust receipts	213	-	-	-	-	213	Note 15
Trade and other payables	-	-	-	-	236	236	-
Liabilities under financial lease agreements							
	15	35	-	-	-	50	2.15 - 4.75
Long-term loans	-	-	-	740	-	740	Note 18

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2020

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	5	-	5	Note 8
Trade and other receivables	-	-	-	-	187	187	-
<u>Financial liabilities</u>							
Short-term loans from financial institutions							
	900	-	-	-	-	900	Note 15
Trust receipts	59	-	-	-	-	59	Note 15
Trade and other payables	-	-	-	-	185	185	-
Lease liabilities	14	22	-	-	-	36	2.44 - 4.75
Long-term loans	7	40	-	788	-	835	Note 18

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Trade and other receivables	-	-	-	-	152	152	-
<u>Financial liabilities</u>							
Short-term loans from financial institutions							
	850	-	-	-	-	850	Note 15
Trust receipts	207	-	-	-	-	207	Note 15
Trade and other payables	-	-	-	-	210	210	-
Liabilities under financial lease agreements							
	14	44	-	-	-	48	2.15 - 4.75
Long-term loans	-	-	-	740	-	740	Note 18

As at 31 December 2020, the Company has an outstanding balance of interest rate swap contracts with a local bank of Baht 731 million (2019: Baht 604 million), to swap floating interest rate on the loan to fixed interest rate of 3.55 - 4.05% per annum. The notional amount of the contracts will gradually come due until November 2025 in accordance with the related long-term loan repayment schedule.

### Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank loans. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)					
Consolidated financial statements					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions					
	-	904	-	-	904
Trust receipts	-	59	-	-	59
Trade and other payables	-	209	-	-	209
Lease liabilities	-	14	23	-	37
Long-term loans	-	249	649	-	898

(Unit: Million Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Derivatives</b>					
Derivative liabilities: net settled	-	12	15	-	27
Derivative liabilities: gross settled					
Cash inflows	-	58	-	-	58
Cash outflows	-	59	-	-	59

(Unit: Million Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	-	904	-	-	904
Trust receipts	-	59	-	-	59
Trade and other payables	-	185	-	-	185
Lease liabilities	-	14	22	-	36
Long-term loans	-	249	649	-	898
<b>Derivatives</b>					
Derivative liabilities: net settled	-	12	15	-	27
Derivative liabilities: gross settled					
Cash inflows	-	58	-	-	58
Cash outflows	-	59	-	-	59

### 33.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- a) The fair value of open-ended funds has been determined using net assets value at the reporting date.

b) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy

#### **34. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 1.37:1 (2019: 1.29:1) and the Company's was 1.36:1 (2019: 1.30:1).

#### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

## 17. Reference

**Share Registrar** Thailand Securities Depository Co., Ltd. (TSD)  
**Location** 93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand.  
**Telephone** (662) 009 - 9000  
**Fax** (662) 009 - 9991  
**E-mail** SETContactCenter@Set.or.th  
**Website** www.set.or.th/tsd

**Auditor** EY Office Limited  
Mrs.Chonlaros Suntiasvaraporn  
Certified Public Accountant No.4523 And / or  
Mr.Pornanan Kitjanawanchai  
Certified Public Accountant No 7792 And / or  
Miss Siraporn Ouaanunkun  
Certified Public Accountant No 3844  
**Location** 33<sup>rd</sup> Floor, Lake Ratchada Building  
193/136 - 137 New Ratchadapisek Road  
**Telephone** (662) 264-9090  
**Fax** (662) 264-0789-90

## 18. Investor Information

<b>Initials</b>	IHL (Listed on the Stock Exchange of Thailand.)
<b>Company's Registration Number</b>	0107548000595
<b>Nature of Business</b>	Producing and distributing leather covering for car seats and other related products
<b>Website</b>	www.interhides.com
<b>Year of establishment</b>	2005
<b>First day of trading In the stock market</b>	December 22,2005
<b>Headquarter</b>	678 Soi T.J.C. Sukhumvit Rd. Bangpoomai, Muang, Samutprakarn 10280
<b>Telephone</b>	(662) 028-9728-37
<b>Fax</b>	(662) 028-9738-39
<b>Register Capital</b>	Baht 594,998,274
<b>Paid-up Capital</b>	Baht 592,805,637
<b>Par value</b>	par value of Baht 1
<b>Preferred stock</b>	-
<b>Accounting period</b>	January 1 - December 31
<b>Shareholders</b>	At present, the major shareholders is Mr. Ongart Thumrongsakunvong and Ms.Kunvarin Veeraphuttivate group.
<b>Company secretary</b>	
<b>Telephone</b>	(662) 028-9728-37
<b>Fax</b>	(662) 028-9738-39
<b>E-mail</b>	Companysecretary@Interhides.com
<b>Investor Relations</b>	
<b>Telephone</b>	(662) 028-9728-37
<b>Fax</b>	(662) 028-9738-39
<b>E-mail</b>	Companysecretary@Interhides.com