

**TPI Polene Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2021  
and  
Independent auditor's report



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## Independent Auditor's Report

### To the Shareholders of TPI Polene Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of TPI Polene Public Company Limited and its subsidiaries (the "Group") and of TPI Polene Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

<i>Valuation of inventory</i>	
Refer to Note 3 and 8 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>Inventory is a significant balance. There is slow moving in some type of inventory. There is a risk arising from the degree of judgment involved in assessing the net realisable value which is based on assumptions concerning future events and activities.</p> <p>Due to the high level of management's judgment and the significant carrying amounts involved, this is one of the key judgmental areas that my audit is concentrated on.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• understanding the Group's business plan and process on estimate the net realisable value derived from business plan;</li> <li>• considering the management's significant assumptions used in their assessment of the net realisable value of inventory, which included comparing them to internally and externally derived data;</li> <li>• assessing the appropriateness of the methodology used to calculate the net realisable value at year end, considering the reasonableness of selling price used by comparing to the selling price during subsequent sales and assessing the accuracy of the calculation; and</li> <li>• evaluating the adequacy of disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

<i>Impairment assessment of property, plant and equipment in consolidated financial statements and loan to in separate financial statements</i>	
Refer to Note 5 and 14 to financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The continuous loss in operation of two subsidiaries; TPI Polene Bio Organics Co., Ltd. and TPI All Seasons Co., Ltd. indicated that property, plant and equipment and loan to may be impaired.</p> <p>Since the consideration of impairment of assets depend on the management's judgments and assumptions in respect to the forecast of operating results, discount rate, economic conditions and key assumptions used to estimate the recoverable amount of aforementioned business, this is one of the key judgmental areas that my audit is concentrated on.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• understanding the management's process of identifying impairment indicator, defining significant increase in credit risk and impairment testing, estimate recoverable amount and expected credit loss;</li> <li>• evaluating key assumptions used in discounted future cash flows such as growth rate, future outcomes, and economic conditions used to measure the credit loss and considering the reasonableness of forecasts by comparing historical estimation with the actual results as well as assessing the appropriateness of discount rate used;</li> <li>• evaluating credit risk and considering the reasonableness of supporting information;</li> <li>• assessing the accuracy of the calculation; and</li> <li>• evaluating the adequacy of disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

<i>Recognition of deferred tax assets</i>	
Refer to Note 3 and 31 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group has recognised deferred tax assets for unused tax losses that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise tax losses (before the latter expire).</p> <p>Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits, this is one of the key judgmental areas that my audit is concentrated on.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• understanding the method of the management's recognition of deferred tax assets and the assessment of assumptions used in projecting the Group's future taxable profits;</li> <li>• considering the reasonableness of the forecast of future taxable profits by comparing the past forecast to the actual operating results and the operation plans and evaluating assumption used by management by comparing to operation plan and external information;</li> <li>• assessing the accuracy of the calculation; and</li> <li>• evaluating the adequacy of disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

### *Emphasis of Matter*

Without modifying my opinion.

I draw attention to notes 38(2) and 38(4) to 38(7) to the financial statements, which described the uncertainty related to the outcome of lawsuits filed against the Company in relation to its operation of mining. The Civil Court issued a judgement as follows:

- 1) On 2 August 2019, the Civil Court had an order on the Black Case No. SorWor.5/2559, engaging the mining activity unlawfully (engaging in the mining restricted area), that the Company has to return the limestone for cement industry back to the area where the mining activity was done and restore the area into its previous condition or pay the compensation of Baht 1,603 million with interest at 7.5 percent per year from the date of being notified of the land survey result until the date that payment is made in full. The Company filed the appeal together with a delay of judgement execution on 3 December 2019. The case is pending the consideration of the Court of Appeal and the date of hearing the Court of Appeal's judgement or order was set to be on 22 September 2020, however, the said date of hearing of judgement had been postponed because the case is under mediation during the appeal. Later, the mediation was cancelled, and the case is currently pending the consideration on the Court of Appeal.
- 2) On 13 December 2019, the Civil Court had an order on the Black Case No. SorWor.4/2559, the Black Case No. SorWor.6/2559 and the Black Case No. SorWor.1/2560, engaging the limestone and shale mining activity in the area outside its concession area and engaging the mining activity unlawfully, that the Company has to return the limestone and shale for cement industry back to the area where the mining activity was done and restore such area to the previous condition or pay the compensation of Baht 4,688 million with interest at 7.5 percent per year from the discovery date of the unlawful of mining activity or the date of violation of mining until the date that payment is made in full. For the Black Case No. SorWor.4/2559 and the Black Case No. SorWor.6/2559, the Court of Civil, by reading the Court of Appeal's judgement, announced a revision of the calculation of interest. However, the Company will file the petition against the Court of Appeal's judgement which the Court allowed the date to submit the petition to the Supreme Court within 17 March 2022. For the Black Case No. SorWor.1/2560, the Court of Civil, by reading the Court of Appeal's judgement on 24 June 2021, announced a revision of the calculation of interest. Later, The Company has applied for permission to lodge an appeal to the Supreme Court challenging the judgment of the Court of Appeal together with a stay of execution pending the appeal to the Supreme Court on 9 November 2021. The case is currently pending the consideration on the Supreme Court.
- 3) On 24 March 2020, the Civil Court issued a judgment on the Black Case No. SorWor.2/2561, the violation in relation to Company's operation of mining outside its concession area that the Company has to either make a restitution of shale and a specific performance of soil rehabilitation or pay damages totaling Baht 67 million with interest at 7.5 percent per year from the date of violation of mining to the date that payment is made in full. On 20 October 2021, the Court of Civil, by reading the Court of Appeal's judgement, announced a revision of the calculation of interest. Later, The Company has applied for permission to lodge an appeal to the Supreme Court challenging the judgment of the Court of Appeal together with a stay of execution pending the appeal to the Supreme Court on 18 February 2022. The case is currently pending the consideration on the Supreme Court.

The Company has an opinion that the outcome of lawsuit is not yet final and uncertain, the Company has not recorded the provision for liability of lawsuit.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

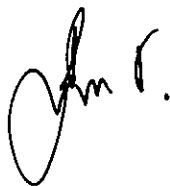
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.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

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

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

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

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



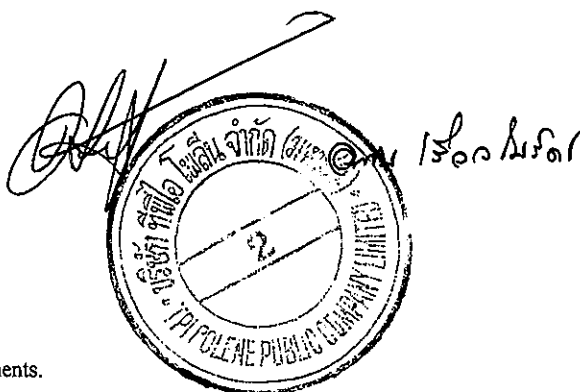
(Bunyarit Thanormcharoen)  
Certified Public Accountant  
Registration No. 7900

KPMG Phoomchai Audit Ltd.  
Bangkok  
23 February 2022

**TPI Polene Public Company Limited and its Subsidiaries**

**Statement of financial position**

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2021	2020	2021	2020
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	5,668,608	6,657,879	1,157,874	2,034,928
Trade accounts receivable	5, 7	5,965,998	4,675,711	8,657,063	6,237,977
Other receivables		952,730	853,591	585,366	575,380
Short-term loans to related parties	5	-	-	418,380	478,014
Receivables and advances to related parties	5	94,889	60,240	470,831	254,442
Inventories	8	15,715,380	11,112,402	12,653,929	8,543,237
Other current financial assets		6,480,787	3,448,590	2,502,208	1,702,353
Other current assets		638,477	486,494	203,274	199,586
<b>Total current assets</b>		<b>35,516,869</b>	<b>27,294,907</b>	<b>26,648,925</b>	<b>20,025,917</b>
<i>Non-current assets</i>					
Other non-current financial assets		34,978	34,979	18,447	18,400
Investments in associates	10	842,539	805,101	842,539	805,101
Investments in subsidiaries	10	-	-	26,088,167	24,911,629
Long-term investments in related party	5, 12	45,653	45,653	45,653	45,653
Receivables and advances to related parties	5	-	-	421,115	421,076
Investment properties	13	585,740	506,269	130,516	74,044
Property, plant and equipment	14	96,366,052	92,924,990	54,802,393	53,522,755
Right-of-use assets	15	652,953	619,236	359,483	324,990
Intangible assets	16	660,155	501,665	657,712	493,649
Advances payment for plant, machinery and equipment		240,381	93,552	108,361	34,757
Deferred tax assets	31	545,114	913,788	291,195	688,308
Other non-current assets		223,164	168,762	163,737	127,583
<b>Total non-current assets</b>		<b>100,196,729</b>	<b>96,613,995</b>	<b>83,929,318</b>	<b>81,467,945</b>
<b>Total assets</b>		<b>135,713,598</b>	<b>123,908,902</b>	<b>110,578,243</b>	<b>101,493,862</b>



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



# TPI Polene Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
<b>Current liabilities</b>					
Short-term loans from financial institutions	17, 35	3,391,674	1,314,807	3,391,674	1,075,182
Trade accounts payable	5, 18, 35	3,616,626	2,877,681	3,155,688	2,453,991
Other payables	19	2,961,175	2,880,830	2,312,691	1,748,956
Payables and advances from related parties	5	7,513	39,271	984,447	936,231
Current portion of long-term loans from financial institutions	17, 35	1,000,000	1,607,914	1,000,000	1,607,914
Current portion of lease liabilities	15, 17, 35	157,073	132,369	97,055	83,553
Current portion of debentures	17, 35	12,565,000	17,180,000	8,567,000	13,180,000
Interest payable		383,089	348,777	324,667	298,235
Current income tax payable		72,562	85,178	-	-
Other current liabilities		251,152	251,469	93,905	100,499
<b>Total current liabilities</b>		<b>24,405,864</b>	<b>26,718,296</b>	<b>19,927,127</b>	<b>21,484,561</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	17, 35	-	1,380,711	-	1,380,711
Lease liabilities	15, 17, 35	350,856	323,626	150,222	120,815
Debentures	17, 35	50,678,600	40,506,200	39,964,200	32,744,200
Deferred tax liabilities	31	43,694	50,994	-	-
Non-current provisions for employee benefit	20	2,257,704	2,326,482	1,919,174	1,956,682
Other non-current liabilities		415,037	430,856	246,261	252,945
<b>Total non-current liabilities</b>		<b>53,745,891</b>	<b>45,018,869</b>	<b>42,279,857</b>	<b>36,455,353</b>
<b>Total liabilities</b>		<b>78,151,755</b>	<b>71,737,165</b>	<b>62,206,984</b>	<b>57,939,914</b>

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

**TPI Polene Public Company Limited and its Subsidiaries**

**Statement of financial position**

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2021	2020	2021	2020
(in thousand Baht)					
<i>Equity</i>					
Share capital:	21				
Authorised share capital		23,751,500	23,805,500	23,751,500	23,805,500
Issued and paid-up share capital		19,126,500	19,180,500	19,126,500	19,180,500
Share premium:					
Share premium on ordinary shares		60,600	60,600	60,600	60,600
Other surpluses		9,840,436	9,840,436	9,840,436	9,840,436
Share premium on treasury shares	22	220,536	135,058	220,536	135,058
Retained earnings					
Appropriated					
Legal reserve	23	1,209,292	925,766	1,209,292	925,766
Treasury shares reserve	22	-	259,637	-	259,637
Unappropriated		17,796,425	13,307,213	17,796,425	13,307,213
Treasury shares	22	-	(259,637)	-	(259,637)
Other components of equity		117,470	104,375	117,470	104,375
Equity attributable to owners of the parent		48,371,259	43,553,948	48,371,259	43,553,948
Non-controlling interests	11	9,190,584	8,617,789	-	-
Total equity		57,561,843	52,171,737	48,371,259	43,553,948
Total liabilities and equity		135,713,598	123,908,902	110,578,243	101,493,862

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

**TPI Polene Public Company Limited and its Subsidiaries**

**Statement of comprehensive income**

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods	24, 32	38,919,785	34,275,770	28,570,130	23,252,776
Cost of sales of goods	8	(26,391,000)	(24,937,101)	(21,505,453)	(20,197,351)
<b>Gross profit</b>		<b>12,528,785</b>	<b>9,338,669</b>	<b>7,064,677</b>	<b>3,055,425</b>
Transportation income		1,348,630	1,113,565	1,184,514	1,175,558
Net foreign exchange gain		390,708	-	-	-
Investment income		60,416	59,151	76,245	69,280
Other income	25	559,515	738,177	803,752	650,345
<b>Profit before expenses</b>		<b>14,888,054</b>	<b>11,249,562</b>	<b>9,129,188</b>	<b>4,950,608</b>
Cost of distributions and transportations	26	(3,346,691)	(3,164,115)	(2,884,102)	(2,801,669)
Administrative expenses	27	(2,047,289)	(1,748,261)	(1,166,689)	(1,080,343)
Impairment loss of assets	14	-	(1,601,820)	-	-
Net foreign exchange loss		-	(11,943)	(69,448)	(29,655)
<b>Total expenses</b>		<b>(5,393,980)</b>	<b>(6,526,139)</b>	<b>(4,120,239)</b>	<b>(3,911,667)</b>
<b>Profit from operating activities</b>		<b>9,494,074</b>	<b>4,723,423</b>	<b>5,008,949</b>	<b>1,038,941</b>
Finance costs	30	(2,061,541)	(2,014,903)	(1,887,727)	(1,750,581)
Share of profit of subsidiaries accounted for using equity method	10	-	-	2,922,175	1,971,783
Share of profit of associates accounted for using equity method	10	24,703	56,321	24,703	56,321
<b>Profit before income tax expense</b>		<b>7,457,236</b>	<b>2,764,841</b>	<b>6,068,100</b>	<b>1,316,464</b>
Tax income (expense)	31	(539,277)	74,325	(397,566)	181,688
<b>Profit for the year</b>		<b>6,917,959</b>	<b>2,839,166</b>	<b>5,670,534</b>	<b>1,498,152</b>

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

**TPI Polene Public Company Limited and its Subsidiaries**
**Statement of comprehensive income**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>Year ended 31 December</b>		<b>Year ended 31 December</b>	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Other comprehensive income (expense)</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		353	(18)	-	-
Gain on measurement of financial assets	9, 35	2	6	-	-
Share of other comprehensive income (expense) of subsidiaries accounted for using equity method	10	-	-	355	(13)
Share of other comprehensive income (expense) of associates accounted for using equity method	10	12,735	(3,778)	12,735	(3,778)
Income tax relating to items that will be reclassified	31	-	-	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>13,090</b>	<b>(3,790)</b>	<b>13,090</b>	<b>(3,791)</b>
<i>Items that will not be reclassified to profit or loss</i>					
Gain on investments in equity instruments designated at fair value through other comprehensive income	9, 35	7	3	7	3
Income tax relating to items that will not be reclassified	31	(2)	(1)	(2)	(1)
<b>Total items that will not be reclassified to profit or loss</b>		<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>13,095</b>	<b>(3,788)</b>	<b>13,095</b>	<b>(3,789)</b>
<b>Total comprehensive income for the year</b>		<b>6,931,054</b>	<b>2,835,378</b>	<b>5,683,629</b>	<b>1,494,363</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		5,670,534	1,498,152	5,670,534	1,498,152
Non-controlling interests		1,247,425	1,341,014	-	-
<b>Profit for the year</b>		<b>6,917,959</b>	<b>2,839,166</b>	<b>5,670,534</b>	<b>1,498,152</b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		5,683,629	1,494,363	5,683,629	1,494,363
Non-controlling interests		1,247,425	1,341,015	-	-
<b>Total comprehensive income for the year</b>		<b>6,931,054</b>	<b>2,835,378</b>	<b>5,683,629</b>	<b>1,494,363</b>
<b>Basic earnings per share (in Baht)</b>	33	<b>0.297</b>	<b>0.079</b>	<b>0.297</b>	<b>0.079</b>

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

**TPI Polene Public Company Limited and its Subsidiaries**  
Statement of changes in equity

**Consolidated financial statements**

	Note	Other surpluses			Retained earnings				Other components of equity					Total equity		
		Issued and paid-up share capital	Share premium on ordinary share	Shareholding changes in Group	Share premium on treasury share	Legal reserve	Treasury shares reserve	Unappropriated	Treasury shares (in thousand Baht)	Translation reserve	Fair value reserve	Share of other comprehensive income (expense) of associates using equity method	Total other components of equity		Equity attributable to owners of the parent	Non-controlling interests
Year ended 31 December 2020																
Balance at 1 January 2020																
Transactions with owners, recorded directly in equity																
Contributions by and distributions to owners of the parent																
Treasury shares purchased	22	-	-	-	-	-	453,531	(259,637)	(453,531)	-	-	-	-	(259,637)	-	(259,637)
Treasury shares sold	22	-	-	-	99,840	-	(193,894)	-	193,894	-	-	-	-	99,840	-	99,840
Dividends	11, 34	-	-	-	-	-	-	(1,137,690)	-	-	-	-	-	(1,137,690)	(799,560)	(1,937,250)
Total transactions with owners, recorded directly in equity		-	-	-	99,840	-	259,637	(1,397,327)	(259,637)	-	-	-	-	(1,297,487)	(799,560)	(2,097,047)
Comprehensive income (expense) for the year																
Profit		-	-	-	-	-	-	1,498,152	-	-	-	-	-	1,498,152	1,341,014	2,839,166
Other comprehensive income (expense)		-	-	-	-	-	-	-	-	(18)	7	(3,778)	(3,789)	(3,789)	1	(3,788)
Total comprehensive income (expense) for the year		-	-	-	-	-	-	1,498,152	-	(18)	7	(3,778)	(3,789)	1,494,363	1,341,015	2,835,378
Transfer to legal reserve																
Balance at 31 December 2020	23	19,180,500	60,600	9,840,436	135,058	925,766	259,637	13,307,213	(259,637)	(176)	(88)	104,639	104,375	43,553,948	8,617,789	52,171,737

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

TP1 Polene Public Company Limited and its Subsidiaries  
Statement of changes in equity

Consolidated financial statements

	Note	Other surpluses					Retained earnings				Other components of equity					Total equity
		Issued and paid-up share capital	Share premium on ordinary share	Shareholding changes in Group	Share premium on treasury share	Legal reserve	Treasury shares reserve	Unappropriated	Treasury shares (in thousand Baht)	Translation reserve	Fair value reserve	Share of other comprehensive income (expense) of associates using equity method	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	
Year ended 31 December 2021		19,180,500	60,600	9,840,436	135,058	925,766	259,637	13,307,213	(259,637)	(176)	(88)	104,639	104,375	43,553,948	8,617,789	52,171,737
Balance at 1 January 2021																
<b>Transactions with owners, recorded directly in equity</b>																
<i>Contributions by and distributions to owners</i>																
Reduction of ordinary shares	22	(54,000)	-	-	-	-	(63,843)	54,000	63,843	-	-	-	-	-	-	-
Treasury shares sold	22	-	-	-	85,478	-	(195,794)	195,794	195,794	-	-	-	-	281,272	-	281,272
Dividends	11, 34	-	-	-	-	-	-	(1,147,590)	-	-	-	-	-	(1,147,590)	-	(1,822,220)
Total transaction with owners, recorded directly in equity		(54,000)	-	-	85,478	-	(259,637)	(897,790)	259,637	-	-	-	-	(866,318)	(674,630)	(1,509,948)
<b>Comprehensive income for the year</b>																
Profit		-	-	-	-	-	-	5,670,334	-	-	-	-	-	5,670,334	1,247,425	6,917,519
Other comprehensive income		-	-	-	-	-	-	-	-	353	7	12,735	13,095	13,095	-	13,095
Total comprehensive income (expense) for the year		-	-	-	-	-	-	5,670,334	-	353	7	12,735	13,095	5,683,629	1,247,425	6,931,054
Transfer to legal reserve	23	-	-	-	-	283,326	-	(283,326)	-	-	-	-	-	-	-	-
Balance at 31 December 2021		19,126,500	60,600	9,840,436	220,536	1,209,292	-	17,706,425	-	177	(81)	117,374	117,470	48,371,259	9,190,584	57,561,843

**TPI Polene Public Company Limited and its Subsidiaries**  
Statement of changes in equity

	Note	Separate financial statements							Other components of equity			Total equity
		Other surplus		Retained earnings			Treasury shares (in thousand Baht)	Fair value reserve	Share of other comprehensive income (expense) of associates using equity method	Total other components of equity		
		Issued and paid-up share capital	Share premium	Shareholding change in Group	Share premium on treasury share	Legal reserve					Treasury shares reserve	
Year ended 31 December 2020												
Balance at 1 January 2020												
Transaction with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
Treasury shares purchased	22	-	-	-	-	-	453,531	(259,637)	(453,531)	-	-	(259,637)
Treasury shares sold	22	-	-	-	99,840	-	(193,894)	-	193,894	-	-	99,840
Dividends	34	-	-	-	-	-	-	(1,137,690)	-	-	-	(1,137,690)
Total transactions with owners, recorded directly in equity												
Comprehensive income (expense) for the year												
Profit		-	-	-	-	-	-	1,498,152	-	-	-	1,498,152
Other comprehensive income (expense)		-	-	-	-	-	-	-	-	2	(3,789)	(3,789)
Total comprehensive income (expense) for the year												
Transfer to legal reserve												
Balance at 31 December 2020												
	23	19,180,500	60,600	9,840,436	135,058	925,766	259,637	13,307,213	(259,637)	(251)	104,626	43,553,948

**TPI Polene Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

		Other surplus			Retained earnings			Other components of equity					
		Issued and paid-up share capital	Share premium on ordinary share	Shareholding change in Group	Share premium on treasury share	Legal reserve	Treasury shares reserve <i>(in thousand Baht)</i>	Unappropriated	Treasury shares	Fair value reserve	Share of other comprehensive income (expense) of subsidiaries and associates using equity method	Total other components of equity	Total equity
		19,180,500	60,600	9,840,436	135,058	925,766	259,637	13,307,213	(259,637)	(251)	104,626	104,375	43,553,948

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



**TPI Polene Public Company Limited and its Subsidiaries**
**Statement of cash flows**

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	6,917,959	2,839,166	5,670,534	1,498,152
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Depreciation and amortisation	3,097,646	3,124,488	1,845,933	1,882,762
Interest income	(51,019)	(48,347)	(42,024)	(41,870)
Finance costs	2,061,541	2,014,903	1,887,727	1,750,581
Dividend income	(9)	(6)	(9)	(6)
Unrealised loss on foreign exchange	16,923	21,640	3,153	7,404
Reversal of expected credit losses	(174)	(8,743)	-	-
Reversal of losses on decline in value of inventories	(10,777)	(14,973)	(2,314)	(10,988)
Provision for employees benefits	2,792	32,751	-	23,466
Loss on sale and write-off of plant and equipment	74,188	1,298	18,148	9,960
Loss on impairment of exploration assets	-	1,601,820	-	-
Gain from sale investment properties	-	(29,000)	-	-
(Gain) loss on fair value adjusted	(11,201)	-	34	-
Gain on disposal of investments in subsidiary	(1,300)	-	(1,300)	-
Share of profit of subsidiaries and associates accounted for using equity method	(24,703)	(56,321)	(2,946,878)	(2,028,104)
Tax expense (income)	539,277	(74,325)	397,566	(181,688)
	12,611,143	9,404,351	6,830,570	2,909,669
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(1,282,780)	(201,847)	(2,418,164)	(2,144,760)
Other receivables	(137,989)	(5,694)	(37,906)	10,777
Receivable and advances to related parties	(34,649)	17,558	(215,823)	6,166
Inventories	(4,592,201)	3,080,629	(4,108,378)	3,183,455
Other current assets	(125,601)	(97,068)	(1,061)	(34,993)
Other non-current assets	(54,402)	(54,057)	(36,154)	(39,374)
Trade accounts payable	737,482	338,690	700,261	143,117
Other payables	477,170	(420,890)	539,133	(193,091)
Payable and advances from related parties	(31,758)	29,444	48,216	354,627
Other current liabilities	(317)	(3,127)	(6,594)	3,129
Provision for employee benefits	(71,570)	(43,826)	(37,508)	(37,323)
Other non-current liabilities	(6,705)	1,150	3,126	-
Cash generated from operating	7,487,823	12,045,313	1,259,718	4,161,399
Net tax received paid	(216,901)	(169,312)	(3,080)	(14,772)
Net cash from operating activities	7,270,922	11,876,001	1,256,638	4,146,627

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

**TPI Polene Public Company Limited and its Subsidiaries**
**Statements of cash flows**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>Year ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<i>(in thousand Baht)</i>			
<i><b>Cash flows from investing activities</b></i>				
Interest received	89,877	27,291	84,826	15,895
Dividend received	9	6	1,771,134	1,972,381
Increase in equity and debt instruments	(3,020,996)	(797,394)	(799,889)	(1,702,353)
Proceeds from disposal of investments in subsidiary	1,300	-	1,300	-
Acquisition of property, plant and equipment	(6,069,539)	(10,736,815)	(2,653,011)	(4,173,106)
Acquisition of investment properties	(79,771)	(14,074)	-	-
Acquisition of intangible assets	(215,412)	(320,680)	(214,529)	(312,664)
Proceeds from sale of plant and equipment	5,556	21,057	2,081	13,479
Proceeds from sale of investment properties	-	29,000	-	-
Proceeds from sale of intangible asset	-	-	1,776	-
Advance payment for plant, machinery and equipment	(328,650)	(399,808)	(177,874)	(164,144)
Acquisition of subsidiary, net of cash acquired	-	(2,959)	-	-
Cash outflow on loans to related parties	-	-	(38,600)	(319,629)
Proceeds from repayment of loans to related parties	-	-	1,100	2,000
Cash outflow for decommissioning	(779)	(795)	-	-
<b>Net cash used in investing activities</b>	<b>(9,618,405)</b>	<b>(12,195,171)</b>	<b>(2,021,686)</b>	<b>(4,668,141)</b>

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

**TPI Polene Public Company Limited and its Subsidiaries**
**Statements of cash flows**

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Cash flows from financing activities</i>				
Finance cost paid	(2,547,451)	(2,281,358)	(2,052,762)	(1,930,224)
Dividend paid to owners of the Company	(1,822,220)	(1,937,250)	(1,147,590)	(1,137,690)
Payment of lease liabilities	(180,044)	(135,450)	(127,979)	(85,932)
Increase (decrease) in short-term loans from financial institutions	2,076,492	(1,624,782)	2,316,492	(1,532,681)
Proceeds from short-term loan from related party	-	-	1,578,000	695,000
Repayment of short-term loans from related parties	-	-	(1,578,000)	(695,000)
Repayment of long-term loans from financial institutions	(1,988,625)	(1,605,033)	(1,988,625)	(1,605,033)
Proceeds from issue of debentures	22,950,400	19,544,000	16,000,000	15,600,000
Repayment of debentures	(17,393,000)	(7,555,800)	(13,393,000)	(7,555,800)
Proceeds from sale treasury shares	281,272	293,734	281,272	293,734
Payment of treasury shares	-	(453,531)	-	(453,531)
<b>Net cash from (used in) financing activities</b>	<b>1,376,824</b>	<b>4,244,530</b>	<b>(112,192)</b>	<b>1,592,843</b>
Net increase (decrease) in cash and cash equivalents,				
before effect of exchange rates	(970,659)	3,925,360	(877,240)	1,071,329
Effect of exchange rate changes	(18,612)	(11,801)	186	995
Cash and cash equivalents from changes in holding of				
investments in subsidiary	-	475	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(989,271)</b>	<b>3,914,034</b>	<b>(877,054)</b>	<b>1,072,324</b>
Cash and cash equivalents at 1 January	6,657,879	2,743,845	2,034,928	962,604
<b>Cash and cash equivalents at 31 December</b>	<b>5,668,608</b>	<b>6,657,879</b>	<b>1,157,874</b>	<b>2,034,928</b>
<i>Non-cash transactions</i>				
Advances of plant, machinery and equipment	240,381	93,552	108,361	34,756
Other payables - plant and equipment	250,149	737,159	185,912	161,310
Other non-current liabilities - intangible assets	77,730	84,414	77,730	84,414

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Impact of COVID-19 pandemic
5	Related parties
6	Cash and cash equivalents
7	Trade accounts receivables
8	Inventories
9	Marketable financial instruments
10	Investments in subsidiaries and associates
11	Non-controlling interests
12	Long-term investments in related parties
13	Investment properties
14	Property, plant and equipment
15	Leases
16	Intangible assets
17	Interest-bearing liabilities
18	Trade accounts payable
19	Other payables
20	Non-current provisions for employee benefits
21	Share capital
22	Treasury shares
23	Reserves
24	Segment information and disaggregation of revenue
25	Other income
26	Cost of distributions and transportations
27	Administrative expenses
28	Employee benefit expenses
29	Expenses by nature
30	Finance costs
31	Income tax
32	Promotional privileges
33	Basic earnings per share
34	Dividends
35	Financial instruments
36	Capital management
37	Commitments with non-related parties
38	Contingent liabilities
39	Other

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 23 February 2022.

**1 General information**

TPI Polene Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 26/56, TPI Tower, Chan Tat Mai Road, Tungmahamek, Sathorn, Bangkok.

The Company was listed on the Stock Exchange of Thailand in November 1990.

The Company operates in 3 major industries and has 18 distribution terminals around the country. It operates in the cement industry at Kang-Khoi, Saraburi and has 8 plants consisting of 4 cement manufacturing plants and 4 dry mortar manufacturing plants. It operates in the construction materials industry at Amphur Chalermprakiet, Saraburi and has cement roof tiles and fibre cement board manufacturing plants. It operates in the plastic industry at Amphur Muang, Rayong and has 2 LDPE and EVA plastic manufacturing plants. Details of the Company’s subsidiaries as at 31 December 2021 and 2020 are given in note 10.

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

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies described in note 3 have been applied consistently to all periods presented in these financial statements.

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

**3 Significant accounting policies**

**(a) Basis of consolidation**

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

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

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

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

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

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

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

### *Business combinations*

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an assets rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

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

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

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

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

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the equity method.

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

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

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

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

### **(c) *Foreign currencies***

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

#### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to the extent that the translation difference is allocated to non-controlling interests.

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**(d) Financial instruments**

**(d.1) Classification and measurement**

Debt securities that the Group issued are initially recognised when they are originated. Other financial assets and financial liabilities (except trade accounts receivables (see note 3(f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**(d.2) Derecognition and offset**

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.



# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

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

### *(d.3) Write offs*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### *(d.4) Interest*

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

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

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

### *(f) Trade accounts receivable*

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

### *(g) Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost of finished goods, diesel and natural gas, is calculated using the first in first out principle. Cost of other inventories are calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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

## **TPI Polene Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

**For the year ended 31 December 2021**

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

Investment properties are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes capitalised borrowing costs.

Depreciation is calculated on a straight-line basis over the estimated useful lives of buildings of 20 years and recognised in profit or loss. No depreciation charged on freehold land and assets under construction.

Differences between the proceeds from disposal and the carrying amount of investment property are recognised in profit or loss.

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

##### *Subsequent costs*

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

##### *Exploration assets*

The Group follows the full cost method of accounting for petroleum and natural gas properties and related expenses whereby all costs associated with the exploration for productive and non-productive wells are treated as capitalised and will be charged to profit or loss when the exploratory wells have not identified proved reserves or have identified proved reserves but have not been found to be commercially producible or have abandoned.

Costs of properties comprise total acquisition costs of petroleum rights or the portion of costs applicable to properties as well as the decommissioning costs.

##### *Depreciation*

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset or on unit of production method of relevant assets and recognised in profit or loss. No depreciation is provided on freehold land, assets under construction and major spare parts have not been issued.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

The estimated useful lives are as follows:

Land improvement	5 - 10 years
Leasehold improvement	8 - 10 years
Buildings and structures	10 - 49 years and per lease period
Machinery and equipment for production (concrete)	3 - 10 years
Other machinery and equipment for production	5 - 40 years
Tools and factory equipment	3 - 30 years
Furniture, fixtures and office equipment	3, 5 and 10 years
Vehicles	5 - 25 years

Machinery and equipment for production of construction materials, cement roof tiles and fibre cement board, LDPE and EVA and machine for melt sheets and mixer trucks calculate depreciation based on units of production.

### (j) *Intangible assets*

#### *Concession*

Cost of concessions on mining limestone and shale are include acquisition, exploration and development costs and are measured at cost less accumulated amortisation and accumulated impairment losses.

#### *Research and development*

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs.

#### *Other intangible assets*

Other intangible assets that have indefinite useful lives are measured at cost less impairment losses. Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Cost of raw material resources and cost of concessions	Life of concessions :	13 - 25 years
Software licenses		10 years
Capitalised development costs		5 years

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**(k) Leases**

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

*As a lessee*

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*As a lessor*

At inception or on modification of a contract, the Group allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Group considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

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

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **(l) *Impairment of non-financial asset***

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(m) *Employee benefits***

#### *Defined contribution plans*

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**(n) Provisions**

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

**(o) Fair values measurement**

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

**(p) Treasury shares**

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Share premium on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

**(q) Revenue from contracts with customers**

*Revenue recognition*

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognise revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognised over time. The stage of completion is assessed based on surveys of work performed. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group recognises revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

### *Long-term advances received from customers*

Long-term advances received from customers is recognised as revenue when the Group transferred control over the goods to the customers. For the advances that contain a significant financing component, they include the interest expense accreted on the contract liability under the effective interest method. The Group uses practical expedient which is not adjust the consideration for any effects of a significant financing component for the contract for which the period is 12 months or less.

### *Customer loyalty programme*

For customer loyalty programme that the Group offers to customers, the consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognised as contract liabilities and revenue is recognised when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

## **(r) Income tax**

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(s) *Earnings per share***

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

### **(t) *Related parties***

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

### **(u) *Segment reporting***

Segment results that are reported to the Group's the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly insert unallocated items, e.g. corporate assets.

## **4 Impact of COVID-19 pandemic**

COVID-19 pandemic is still on going, while vaccines for COVID-19 are being rolled out during 2021. Due to uncertainty of the situation in 2020, the Group applied accounting guidance on *temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19* in preparing the financial statements for the year ended 31 December 2020 by excluding COVID-19 situation in impairment of assets, fair value measurement and deferred tax assets.

As the accounting guidance already expired on 31 December 2020, the Group had assessed the impact and found that these was an immaterial impact towards the financial statements for the year ended 31 December 2021.



# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **5 Related parties**

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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Pornchai Enterprise Co., Ltd.	Thailand	Co-director
TPI Holding Co., Ltd.	Thailand	Co-director
Leophairatana Enterprise Co., Ltd.	Thailand	Co-director
Bangkok Union Insurance Public Co., Ltd.	Thailand	Co-director
Lampang Food Products Co., Ltd.	Thailand	Co-director
Hong Yiah Seng Co., Ltd.	Thailand	Co-director
Saraburi Ginning Mill Co., Ltd.	Thailand	Co-director
Thai Petrochemical Industry Co., Ltd.	Thailand	Co-director
Rayong Forest Co., Ltd.	Thailand	Co-director
Hong Yiah Seng Real Estates and Investment Co., Ltd.	Thailand	Co-director
TPI EOEG Co., Ltd.	Thailand	Co-director

• **TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

<i>Significant transactions with related parties</i> <i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	16,269,875	14,536,701
Transportation income	-	-	186,344	224,215
Purchase of raw materials and spare parts	-	-	347,880	370,105
Purchase of electricity	-	-	1,638,787	1,982,754
Purchase of steam	-	-	34,006	35,397
Purchase of goods for sales promotion	-	-	102,822	70,248
Dividend income	-	-	1,771,125	1,972,375
Interest income	-	-	27,879	25,544
Interest expense	-	-	2,749	2,687
Waste disposal income	-	-	-	201,786
Other income	-	-	680,197	206,687
Administrative expenses	-	-	29,583	32,045
<b>Associates</b>				
Sale of goods	1,920	264	1,786	132
Purchase of raw materials	534,603	574,255	509,655	546,483
Interest expense	6,255	6,336	75	55
Other income	5	-	5	-
Insurance premium	26,807	28,133	19,291	20,350
<b>Other related parties</b>				
Sales of goods	2,521	3,261	327	933
Transportation income	75	9	1	6
Interest expense	4,558	3,031	2,685	1,769
Other income	300	499	300	499
Insurance premium	242,994	288,507	116,346	114,374
Administrative expenses	62,088	84,503	58,213	78,690
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	330,539	372,120	239,555	290,248
Post-employment benefits	4,501	4,474	-	1,745
<b>Total key management personnel compensation</b>	<b>335,040</b>	<b>376,594</b>	<b>239,555</b>	<b>291,993</b>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable</b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	1,524,103	1,047,111
TPI Polene Power Public Co., Ltd.	-	-	122,773	144,107
TPI All Seasons Co., Ltd.	-	-	444,953	338,467
Polene Plastic Co., Ltd.	-	-	5,601,944	3,897,628
TPI Polene Bio Organics Co., Ltd.	-	-	12,953	16,321
TPI Commercial Co., Ltd.	-	-	5,459	4,532
Thai Nitrate Co., Ltd.	-	-	38	17
<b>Associates</b>				
BUI Life Insurance Public Co., Ltd.	7	3	-	-
United Grain Industry Co., Ltd.	117	96	37	64
<b>Other related parties</b>				
Bangkok Union Insurance Public Co., Ltd.	17	11	4	6
Pornchai Enterprise Co., Ltd.	165	178	23	55
Lampang Food Products Co., Ltd.	9	-	9	-
Rayong Forest Co., Ltd.	455	410	-	-
Hong Yiah Seng Co., Ltd.	-	382	-	-
	<u>770</u>	<u>1,080</u>	<u>7,712,296</u>	<u>5,448,308</u>
<i>Less allowance for expected credit loss</i>	-	-	-	-
<b>Net</b>	<u>770</u>	<u>1,080</u>	<u>7,712,296</u>	<u>5,448,308</u>

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	Interest rate		Separate financial statements			
	2020 (% per annum)	2021	1 January 2021	Increase	Decrease	31 December 2021
<i>Short-term loans to related parties</i>						
<b>Subsidiaries</b>						
TPI Polene Bio Organics Co., Ltd.	MLR-1.5	MLR-1.5	253,096	-	-	253,096
TPI All Seasons Co., Ltd.	MLR-1.5	MLR-1.5	44,153	-	-	44,153
TPI Commercial Co., Ltd.	MLR-1.5	MLR-1.5	97,993	-	-	97,993
TPI Refinery (1997) Co., Ltd.	MLR-1.5	MLR-1.5	397,858	38,600	(436,458)	-
Master Achieve (Thailand) Co., Ltd.	MLR-1.5	MLR-1.5	20,790	-	-	20,790
TPI Healthcare Co., Ltd.	MLR-1.5	MLR-1.5	1,000	-	-	1,000
			814,890	38,600	(436,458)	417,032
Accrued interest receivable			4,143	28,199	(30,994)	1,348
<b>Total</b>			<b>819,033</b>	<b>66,799</b>	<b>(467,452)</b>	<b>418,380</b>
<i>Less losses recognised using the equity method in excess of the investment</i>						
TPI Commercial Co., Ltd.			(20,803)	-	20,803	-
TPI Refinery (1997) Co., Ltd.			(320,216)	(31,856)	352,072	-
<i>Less allowance for expected credit loss</i>			-			-
<b>Net</b>			<b>478,014</b>			<b>418,380</b>

On 30 September 2021, the Company entered into a debt repayment memorandum with a subsidiary in total of Baht 444.65 million. Under the agreement, the subsidiary will transfer the land ownership valued at Baht 54.07 million and pay in cash of Baht 1.10 million to the Company. Then the Company will pay off the principal with interest to the subsidiary in the amount of Baht 366.75 million. The remaining debt of Baht 24.09 million, the subsidiary is in the process of requesting a refund VAT from the Revenue Department. If the amount is refunded, the subsidiary has committed to repay the Company within 30 days after the subsidiary received the refund from the Revenue Department. On 12 October 2021, the Company and the subsidiary have complied with the agreement.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Receivables and advances to related parties - current</i>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	3,019	3,255
TPI Polene Power Public Co., Ltd.	-	-	74,970	88,298
TPI All Seasons Co., Ltd.	-	-	16,508	29,086
TPI Refinery (1997) Co., Ltd.	-	-	-	324
Polene Plastic Co., Ltd.	-	-	200,014	5,947
TPI Polene Bio Organics Co., Ltd.	-	-	98,994	103,768
TPI Commercial Co., Ltd.	-	-	66	327
TPI Service Co., Ltd.	-	-	139	144
Thai Nitrate Co., Ltd.	-	-	180	187
TPI Polene Power (International) Co., Ltd.	-	-	65	65
TPI Polene Power (On Nut) Co., Ltd.	-	-	65	64
Thai Propoxide Co., Ltd.	-	-	65	64
TPI Healthcare Co., Ltd.	-	-	36,319	1,105
TPI Bio Pharmaceuticals Co., Ltd.	-	-	75	1,078
Master Achieve (Thailand) Co., Ltd.	-	-	293	207
TPI Polene Power Investment Co., Ltd.	-	-	34	34
TPI Olefins Co., Ltd.	-	-	1	-
<b>Associates</b>				
BUI Life Insurance Public Co., Ltd.	5,415	2,071	4,642	1,267
United Grain Industry Co., Ltd.	8	6	8	6
<b>Other related parties</b>				
Bangkok Union Insurance Public Co., Ltd.	86,615	57,290	35,173	19,504
Pornchai Enterprise Co., Ltd.	2,718	672	68	77
Rayong Forest Co., Ltd.	67	73	67	73
TPI Holding Co., Ltd.	-	64	-	64
TPI EOEG Co., Ltd.	1	64	1	64
Thai Petrochemical Industry Co., Ltd.	65	-	65	-
<b>Total</b>	<b>94,889</b>	<b>60,240</b>	<b>470,831</b>	<b>255,008</b>
<i>Less losses recognised using the equity method in excess of the investment</i>				
TPI Bio Pharmaceuticals Co., Ltd.	-	-	-	(566)
<i>Less allowance for expected credit loss</i>				
<b>Net</b>	<b>94,889</b>	<b>60,240</b>	<b>470,831</b>	<b>254,442</b>

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Long-term investments in related parties</i>				
<b>Related parties</b>				
Pornchai Enterprise Co., Ltd.	45,653	45,653	45,653	45,653

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Receivables and advances to related parties - non-current</i>				
<b>Subsidiary</b>				
Thai Propoxide Co., Ltd.	-	-	421,984	421,984
Less losses recognised using the equity method in excess of the investment	-	-	(869)	(908)
<b>Net</b>	<u>-</u>	<u>-</u>	<u>421,115</u>	<u>421,076</u>

In 1997, the Company entered into an agreement to sell land to Thai Propoxide Co., Ltd. (a subsidiary) at the price of Baht 477 million, in consideration for a loan payable by August 2000, with interest of 16%. No payments of principal or interest were subsequently made by the subsidiary and consequently the Company deferred recording the gain on the sale land of Baht 40 million and interest income of Baht 155 million in income and ceased accrued interest. The deferred gain and interest income are disclosed as non-current liabilities in the statement of financial position of the separate financial statements.

The subsidiary used the land as collateral for a bank loan, the proceeds of which were subsequently loaned to the Company. In 2000, the subsidiary's bank loan was assigned to the Company. Subsequently, in 2011, the land has been released by the bank as collateral and the subsidiary has sold a part of land to the Company and repaid a part of the land loan to the Company of Baht 68 million.

At 31 December 2021, the outstanding amount of accounts receivable from the subsidiary from the sale of land total Baht 422 million (2020: Baht 422 million) and the deferred gain on the sale of Baht 35 million (2020: Baht 35 million) and deferred interest income of Baht 134 million (2020: Baht 134 million) in the statement of financial position of the separate financial statements.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Expected credit loss for the year ended 31 December</i></b>				
Trade account receivables	-	-	-	-
Short-term loans to related parties	-	-	-	-
Receivables and advances to related parties	-	-	-	-
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Trade accounts payable</i></b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	30	24
TPI Polene Power Public Co., Ltd.	-	-	43,595	3,190
TPI All Seasons Co., Ltd.	-	-	13,872	14,302
Polene Plastic Co., Ltd.	-	-	1,110	8,422
TPI Polene Bio Organics Co., Ltd.	-	-	171	5
Thai Nitrate Co., Ltd.	-	-	9,288	8,089
TPI Healthcare Co., Ltd.	-	-	4,499	8,792
TPI Bio Pharmaceuticals Co., Ltd.	-	-	-	2
<b>Associate</b>				
United Grain Industry Co., Ltd.	2,559	3,636	15	9
Thai Plastic Film Co., Ltd.	142,098	137,076	141,620	136,445
Thai Plastic Products Co., Ltd.	167,372	210,678	159,573	205,773
<b>Total</b>	<b>312,029</b>	<b>351,390</b>	<b>373,773</b>	<b>385,053</b>

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	Interest rate		1 January 2021	Separate financial statements		31 December 2021
	2020	2021		Increase	Decrease	
	(% per annum)			(in thousand Baht)		
<b>Short-term loans from related parties</b>						
<b>Subsidiaries</b>						
TPI Polene Power Public Co., Ltd.	-	1.50, 1.65	-	1,400,000	(1,400,000)	-
Thai Nitrate Co., Ltd.	-	1.65	-	178,000	(178,000)	-
			-	1,578,000	(1,578,000)	-
Accrued interest			-	1,986	(1,986)	-
<b>Total</b>			-	<b>1,579,986</b>	<b>(1,579,986)</b>	-

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
<b>Payables and advances from related parties</b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	1,944	1,367
TPI Polene Power Public Co., Ltd.	-	-	966,211	911,237
TPI All Seasons Co., Ltd.	-	-	2,000	2,000
Polene Plastic Co., Ltd.	-	-	12	11
TPI Polene Bio Organics Co., Ltd.	-	-	5,084	2,903
TPI Healthcare Co., Ltd.	-	-	4,020	2,871
TPI Bio Pharmaceuticals Co., Ltd.	-	-	983	556
<b>Associates</b>				
BUI Life Insurance Public Co., Ltd.	164	1,017	164	993
United Grain Industry Co., Ltd.	2,335	2,382	4	-
Thai Plastic Film Co., Ltd.	732	683	732	633
<b>Other related parties</b>				
Pornchai Enterprise Co., Ltd.	1,145	803	443	443
Bangkok Union Insurance Public Co., Ltd.	2,998	34,213	2,711	13,043
Hong Yiah Seng Co., Ltd.	109	107	109	107
Rayong Forest Co., Ltd.	30	66	30	67
<b>Total</b>	<b>7,513</b>	<b>39,271</b>	<b>984,447</b>	<b>936,231</b>



# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Current portion of lease liabilities</i></b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	-	5,288
TPI Polene Bio Organics Co., Ltd.	-	-	-	3,290
Mondo Thai Co., Ltd.	-	-	151	143
<b>Associates</b>				
United Grain Industry Co., Ltd.	6,612	8,878	1,449	775
<b>Other related parties</b>				
Pornchai Enterprise Co., Ltd.	35,233	23,664	31,294	22,196
Hong Yiah Seng Co., Ltd.	2,810	1,556	2,015	537
Rayong Forest Co., Ltd.	23	11	23	11
Saraburi Ginning Mill Co., Ltd.	2,144	2,063	972	935
Leophairatana Enterprise Co., Ltd.	4,204	4,062	-	-
Hong Yiah Seng Real Estates and Investment Co., Ltd.	1,173	1,128	-	-
<b>Total</b>	<b>52,199</b>	<b>41,362</b>	<b>35,904</b>	<b>33,175</b>

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Lease liabilities</i></b>				
<b>Subsidiaries</b>				
Mondo Thai Co., Ltd.	-	-	14,878	15,031
<b>Associates</b>				
United Grain Industry Co., Ltd.	153,723	156,666	2,281	-
<b>Other related parties</b>				
Pornchai Enterprise Co., Ltd.	33,440	15,223	26,297	11,257
Hong Yiah Seng Co., Ltd.	2,631	795	2,631	-
Rayong Forest Co., Ltd.	985	1,458	985	1,458
Saraburi Ginning Mill Co., Ltd.	3,599	5,743	459	1,431
Leophairatana Enterprise Co., Ltd.	9,811	14,015	-	-
Hong Yiah Seng Real Estates and Investment Co., Ltd.	3,139	4,312	-	-
<b>Total</b>	<b>207,328</b>	<b>198,212</b>	<b>47,531</b>	<b>29,177</b>

• **TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

*Significant agreements with related parties*

*(a) Office building lease agreements*

The Company and its subsidiary have long-term office building lease agreements with a related company. Previously, the initial lease term for each lease agreement was for 3 years, with the lease being renewable. In July 1999, the Company and a subsidiary entered into a 90 years office building lease agreement with a related company to replace the expired original office building lease agreements in which the Company and a subsidiary made one payment for the whole lease period (*the total rental for the 90 years term of the lease is Baht 40,000 per square meter, equivalent to a monthly rental, before discounting cash flows, of Baht 37 per square meter*). The annual rental is deducted from the prepaid rentals. Subsequently, on 24 July 2001, the Company and its subsidiary agreed to sign the amendments in addition to the existing office building lease agreements with a related company. The initial period of the lease is for 30 years, commencing from the original date on which the rentals of each respective agreement were prepaid. The related party warranted that the lease would be renewable for another 2 subsequent periods of 30 years under the same conditions, including rental fee as set out in the original agreements.

On 25 August 2006, the Company and its subsidiary registered the lease with the Land Department.

Should either party terminate the lease agreement, the unused prepaid rentals are refundable to the Companies. Both parties agreed in principle to execute a mortgage on the office building as security for the unused prepaid rentals. As at 31 December 2021, there was no mortgage agreement as security for the unused prepaid rentals, so the recoverability of prepaid rentals depends on the ability of the related company to repay.

*(b) Electricity supply agreement*

The Company entered into an electricity supply contract with a subsidiary company, to provide the waste heat to the subsidiary that will be used in the manufacturing process for electricity. The subsidiary company shall supply the electricity to the Company based on certain percentage as specified in the agreement. The agreement shall remain in full force and effect so long as, unless it is terminated by mutual agreement in writing of both parties.

*(c) Office building services agreements*

The Company and its subsidiaries entered into office building services agreements with related parties for 3 years. The details were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Non-cancellable service contract commitments</i>				
Within one year	32,231	32,278	26,738	31,326
After one year but within five years	27,086	10,717	20,891	10,328
<b>Total</b>	<b>59,317</b>	<b>42,995</b>	<b>47,629</b>	<b>41,654</b>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Subsidiaries had made several land rental agreements with its related parties which specified that lessee has to decommission the assets from rental area at the end of contract, causing lessee to set up the decommissioning costs as at 31 December 2021 in amount of Baht 298.3 million (2020: Baht 294.6 million).

### 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
Cash on hand	5,278	3,576	4,247	2,703
Cash at banks - current accounts	63,060	32,200	27,107	20,474
Cash at banks - savings accounts	5,598,413	6,470,544	1,126,510	1,911,383
Cash at banks - savings accounts (Private funds)	1,551	896	10	10
Highly liquid short-term investments	306	150,663	-	100,358
<b>Total</b>	<b>5,668,608</b>	<b>6,657,879</b>	<b>1,157,874</b>	<b>2,034,928</b>

### 7 Trade account receivables

		Consolidated financial statements		Separate financial statements	
At 31 December	Note	2021	2020	2021	2020
		(in thousand Baht)			
Related parties	5	770	1,080	7,712,296	5,448,308
Other parties		6,014,765	4,739,415	977,274	826,911
<b>Total</b>		<b>6,015,535</b>	<b>4,740,495</b>	<b>8,689,570</b>	<b>6,275,219</b>
Less allowance for expected credit loss		(49,537)	(64,784)	(32,507)	(37,242)
<b>Net</b>		<b>5,965,998</b>	<b>4,675,711</b>	<b>8,657,063</b>	<b>6,237,977</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
<b>Related parties</b>				
Within credit terms	689	954	2,024,029	1,717,970
Overdue:				
1 - 30 days	58	76	1,536,660	1,119,224
31 - 60 days	4	18	1,389,295	1,099,436
61 - 90 days	14	27	1,086,110	897,281
More than 90 days	5	5	1,676,202	614,397
<b>Total</b>	<b>770</b>	<b>1,080</b>	<b>7,712,296</b>	<b>5,448,308</b>
Less allowance for expected credit loss	-	-	-	-
<b>Net</b>	<b>770</b>	<b>1,080</b>	<b>7,712,296</b>	<b>5,448,308</b>

• **TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	5,533,308	4,419,157	810,043	713,742
Overdue:				
1 - 30 days	321,775	207,699	106,223	54,553
31 - 60 days	48,208	22,739	6,451	7,677
61 - 90 days	25,980	11,608	2,939	833
More than 90 days	85,494	78,212	51,618	50,106
<b>Total</b>	<b>6,014,765</b>	<b>4,739,415</b>	<b>977,274</b>	<b>826,911</b>
<i>Less allowance for expected credit loss</i>	<i>(49,537)</i>	<i>(64,784)</i>	<i>(32,507)</i>	<i>(37,242)</i>
<b>Net</b>	<b>5,965,228</b>	<b>4,674,631</b>	<b>944,767</b>	<b>789,669</b>
 <b>Net total</b>	 <b>5,965,998</b>	 <b>4,675,711</b>	 <b>8,657,063</b>	 <b>6,237,977</b>
 <i>Allowance for expected credit loss</i>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	(64,784)	(73,610)	(37,242)	(37,242)
Addition	(174)	(8,743)	-	-
Write-off	15,421	17,569	4,735	-
<b>At 31 December</b>	<b>(49,537)</b>	<b>(64,784)</b>	<b>(32,507)</b>	<b>(37,242)</b>

The Group requires various customers to provide cash, bank and personal guarantees as collateral.

The normal credit term granted by the Group ranges from 30 days to 360 days.

Information of credit risk is disclosed in note 35 (b.1).

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Finished goods	1,799,241	1,098,870	2,096,425	1,446,287
Work in process	5,370,380	4,154,549	3,281,036	2,157,430
Raw materials and chemicals	1,670,665	1,165,931	1,405,548	991,804
Packages	479,828	434,596	390,381	347,534
Oil and coal	2,507,785	511,214	2,337,348	424,555
Spare parts and general supplies	4,012,616	3,721,522	2,946,455	2,816,579
Goods in transit	245,002	406,634	238,207	402,833
<b>Total</b>	<b>16,085,517</b>	<b>11,493,316</b>	<b>12,695,400</b>	<b>8,587,022</b>
<i>Less allowance for decline in value</i>	<i>(370,137)</i>	<i>(380,914)</i>	<i>(41,471)</i>	<i>(43,785)</i>
<b>Net</b>	<b>15,715,380</b>	<b>11,112,402</b>	<b>12,653,929</b>	<b>8,543,237</b>
Inventories recognised in cost of sales of goods				
- Cost	26,401,777	24,952,074	21,507,767	20,208,339
- Reversal of net realisable value	(10,777)	(14,973)	(2,314)	(10,988)
<b>Net</b>	<b>26,391,000</b>	<b>24,937,101</b>	<b>21,505,453</b>	<b>20,197,351</b>

• **TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**9 Marketable financial assets**

<i>Marketable equity and debt securities</i>	At 1 January	Consolidated financial statements		At 31 December
		Increase (decrease) (in thousand Baht)	Fair value adjustment	
<b>2021</b>				
<b><i>Current financial assets</i></b>				
Debt securities measured at				
- FVTPL	2,699,273	1,624,655	11,201	4,335,129
<b>Total</b>	<b>2,699,273</b>	<b>1,624,655</b>	<b>11,201</b>	<b>4,335,129</b>
<b><i>Non-current financial assets</i></b>				
Equity/Debt securities measured at				
- FVOCI	1,431	-	9	1,440
<b>Total</b>	<b>1,431</b>	<b>-</b>	<b>9</b>	<b>1,440</b>
<i>Marketable equity and debt securities</i>	At 1 January	Separate financial statements		At 31 December
		Increase (decrease) (in thousand Baht)	Fair value adjustment	
<b>2021</b>				
<b><i>Current financial assets</i></b>				
Debt securities measured at				
- FVTPL	1,302,891	501,066	34	1,803,991
<b>Total</b>	<b>1,302,891</b>	<b>501,066</b>	<b>34</b>	<b>1,803,991</b>
<b><i>Non-current financial assets</i></b>				
Equity securities measured at				
- FVOCI	226	-	7	233
<b>Total</b>	<b>226</b>	<b>-</b>	<b>7</b>	<b>233</b>

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**10 Investments in subsidiaries and associates**

**Investment in subsidiaries**

	<b>Separate financial statements</b>	
	<b>2021</b>	<b>2020</b>
	<i>(in thousand Baht)</i>	
<b><i>Subsidiaries</i></b>		
<b>At 1 January</b>	<b>24,911,629</b>	<b>24,591,555</b>
Share of profit of subsidiaries	2,922,175	1,971,783
Dividends income	(1,771,125)	(1,972,375)
Losses recognised using the equity method in excess of the investment	25,133	320,679
Share of other comprehensive income (expense) of subsidiaries	355	(13)
<b>At 31 December</b>	<b>26,088,167</b>	<b>24,911,629</b>

All subsidiaries were incorporated and operated in Thailand, except TPI Polene Power Investment Co., Ltd. which was incorporated in Cambodia and still has no operation. As at 31 December 2021, the Company has registered the termination of the business.

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations, except for TPI Polene Power Public Co., Ltd. which is listed on the Stock Exchange of Thailand. Based on the closing price of Baht 4.16 at 31 December 2021 (*31 December 2020: Baht 4.28*), the fair value of the Company's investment in TPI Polene Power Public Co., Ltd. was Baht 24,544 million (*31 December 2020: Baht 25,252 million*).

On 28 October 2021, the Company's Board of Directors's meeting passed the resolution to approve the sale of 129,999,995 common shares in TPI Refinery (1997) Co., Ltd. or equivalent to 99.99% of the paid up share capital at the price of Baht 0.01 per share, in amount of Baht 1.30 million to the third parties, as it presently does not have any business operation and purpose to restructure the shareholding of the Group. On 2 November 2021, the Company sold the such common shares to the third parties.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Investments in subsidiaries as at 31 December 2021 and 2020, dividend income from those investments for the years then ended, were as follows:

	Type of business	Ownership interest (%)	Separate financial statements								Dividend	
			Paid-up capital		Cost		At equity method		Income for the year		2020	
			2021	2020	2021	2020	2021	2020	2021	2020		
												(in thousand Baht)
<b>Direct subsidiaries</b>												
TPI Concrete Co., Ltd.	Manufacturing and distributing ready mixed concrete	99.99	99.99	2,000,000	2,000,000	1,999,999	1,999,999	1,477,194	1,664,654	-	-	-
TPI Polene Power Public Co., Ltd.	Distributing gasoline, diesel and natural gas / Manufacturing and distributing electricity and refuse derived fuel (RDF) and organics waste	70.24	70.24	8,400,000	8,400,000	5,899,999	5,899,999	21,227,078	19,872,638	1,593,000	1,888,000	1,888,000
TPI All Seasons Co., Ltd.	Manufacturing and distributing melt sheets	99.99	99.99	450,000	450,000	450,000	450,000	316,923	287,651	-	-	-
TPI Polene Bio Organics Co., Ltd.	Manufacturing and distributing organic fertilizer	99.99	99.99	3,300,000	3,300,000	2,654,400	2,654,400	1,590,417	1,668,657	-	-	-
TPI Refinery (1997) Co., Ltd.	Petroleum exploration	-	99.99	-	1,300,000	-	1,299,620	-	-	-	-	-
Thai Propoxide Co., Ltd.	Manufacturing electricity (dormant)	99.99	99.99	250	250	250	250	-	-	-	-	-
Thai Nitrate Co., Ltd.	Manufacturing and distributing nitric acids and ammonium nitrate	99.99	99.99	468,750	468,750	784,409	784,409	1,317,325	1,292,544	178,125	84,375	84,375
TPI Healthcare Co., Ltd.	Manufacturing and distributing products for humans	99.99	99.99	5,050	5,050	4,950	4,950	7,256	6,387	-	-	-
TPI Commercial Co., Ltd.	Retailing business	99.94	99.94	100	100	-	-	22,565	-	-	-	-



**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	Type of business	Ownership interest	Separate financial statements						Dividend Income for the year
			(in thousand Baht)						
			Paid-up capital		Cost		At equity method		
		2021	2020	2021	2020	2021	2020	2021	2020
<b>Direct subsidiaries (continue)</b>									
TPI Service Co., Ltd.	Construction service	95.10	4,600	4,600	4,457	4,457	10,211	9,973	-
Master Achieve (Thailand) Co., Ltd.	Manufacturing and distributing factory equipment	99.99	100,000	100,000	99,931	99,931	102,172	99,796	-
TPI Bio Pharmaccuticals Co., Ltd.	Manufacturing and distributing products for animals	99.99	5,500	5,500	5,647	5,647	7,547	-	-
<b>Indirect subsidiaries</b>									
Mondo Thai Co., Ltd.	Property developing	83.27	36,000	36,000	10,350	10,350	9,479	9,329	-
Polene Plastic Co., Ltd.	Export and import business	99.93	10,000	10,000	-	-	-	-	-
TPI Polene Power Investment Co., Ltd.	Generate and distribute electricity in Cambodia (in the process of registering the dissolution)	70.24	3,957	3,957	-	-	-	-	-
TPI Polene Power (On Nut) Co., Ltd.	Generate and distribute electricity from refuse derived fuel (RDF) (dormant)	70.23	187,500	187,500	-	-	-	-	-
TPI Polene Power (International) Co., Ltd.	Investing in alternative energy business (dormant)	70.23	100,000	100,000	-	-	-	-	-
TPI Deep Sea Port Co., Ltd.	Port business operation (dormant)	70.23	25,000	25,000	-	-	-	-	-

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Separate financial statements											
Type of business	Ownership interest		Paid-up capital		Cost		At equity method		Dividend		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
(in thousand Baht)											
<i>Indirect subsidiaries (continue)</i>											
TPI Olefins Co., Ltd.	70.23	70.23	1,000	1,000	-	-	-	-	-	-	
TPI Polene Power (Songkhla) Co., Ltd.	70.22	70.22	1,000	1,000	-	-	-	-	-	-	
TPI Solar Power Co., Ltd.	70.22	70.22	1,000	1,000	-	-	-	-	-	-	
TPI Wind Power Co., Ltd.	70.22	70.22	1,000	1,000	-	-	-	-	-	-	
Total			11,914,392	13,214,012	26,088,167	24,911,629	1,771,125	1,972,375			

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Investment in associates

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
<b>At 1 January</b>	<b>805,101</b>	<b>752,558</b>	<b>805,101</b>	<b>752,558</b>
Share of profit of associates accounted for using equity method	24,703	56,321	24,703	56,321
Share of other comprehensive income (expense) of associates accounted for using equity method	12,735	(3,778)	12,735	(3,778)
<b>At 31 December</b>	<b>842,539</b>	<b>805,101</b>	<b>842,539</b>	<b>805,101</b>

The Group has not recognised loss relating to an investment in an indirect associate accounted for using the equity method where its share of loss exceeds the carrying amount of its investment. As at 31 December 2021, the Group's cumulative share of unrecognised loss was Baht 985 million (2020: Baht 985 million). The Group has no obligation in respect of this loss.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Investments in associates as at 31 December were as follows:

	Type of business	Ownership interest		Paid-up capital		Consolidated financial statements		At equity method	
		2021	2020	2021	2020	Cost		2021	2020
		2021		2020		(in thousand Baht)			
<i>Associates</i>									
BUI Life Insurance Public Co., Ltd.	Life insurance	25.00	25.00	500,000	500,000	125,000	125,000	128,711	116,535
United Grain Industry Co., Ltd.	Manufacture and sale of packaging	19.00	19.00	550,000	550,000	104,500	104,500	713,828	688,566
						229,500	229,500	842,539	805,101
<i>Indirect associates</i>									
Thai Special Steel Industry Public Co., Ltd.	Manufacture and sale of steel (in the process of registering the dissolution)	29.53	29.53	4,220,000	4,220,000	1,246,200	1,246,200	-	-
Thai Plastic Film Co., Ltd.	Manufacture and sale of packaging	19.00	19.00	40,000	40,000	-	-	-	-
Thai Plastic Products Co., Ltd.	Manufacture and sale of packaging	19.00	19.00	60,000	60,000	-	-	-	-
<b>Total</b>						<b>1,475,700</b>	<b>1,475,700</b>	<b>842,539</b>	<b>805,101</b>

**TPI Polene Public Company Limited and its Subsidiaries**

## Notes to the financial statements

For the year ended 31 December 2021

Separate financial statements								
Type of business	Ownership interest		Paid-up capital		Cost		At equity method	
	2021	2020	2021	2020	2021	2020	2021	2020
	(%)		(in thousand Baht)					
<i>Associates</i>								
BUI Life Insurance Public Co., Ltd.	25.00	25.00	500,000	500,000	125,000	125,000	128,711	116,535
United Grain Industry Co., Ltd.	19.00	19.00	550,000	550,000	104,500	104,500	713,828	688,566
of packaging								
<b>Total</b>			<b>229,500</b>	<b>229,500</b>	<b>229,500</b>	<b>229,500</b>	<b>842,539</b>	<b>805,101</b>

No dividend distribution from investments in associates held by the Group and the Company during years ended 31 December 2021 and 2020.

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

All associates were incorporated in Thailand.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	2021	2020
	(in thousand Baht)	
Carrying amount of interests in immaterial associates	842,539	805,101
Group's share of:		
- Profit (loss) from continuing operations	24,703	56,321
- Other comprehensive income (expense)	12,735	(3,778)
- Total comprehensive income (expense)	<u>37,438</u>	<u>52,543</u>

## 11 Non-controlling interests

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

	TPI Polene Power Public Co., Ltd.	
	2021	2020
	(in thousand Baht)	
As at 31 December		
Non-controlling interest percentage	29.75%	29.75%
Current assets	9,590,602	7,158,067
Non-current assets	38,894,748	36,617,085
Current liabilities	(5,058,461)	(5,784,194)
Non-current liabilities	(12,575,068)	(9,062,820)
Net assets	<u>30,851,821</u>	<u>28,928,138</u>
Carrying amount of non-controlling interest	9,178,417	8,606,121
Other individually immaterial subsidiaries	12,167	11,668
Total	<u>9,190,584</u>	<u>8,617,789</u>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

<i>For the year ended 31 December</i>	TPI Polene Power Public Co., Ltd.	
	2021	2020
	<i>(in thousand Baht)</i>	
Revenue	11,358,260	11,444,002
Profit	4,191,330	4,505,825
Other comprehensive income	353	(18)
<b>Total comprehensive income</b>	<b>4,191,683</b>	<b>4,505,807</b>
Total comprehensive income allocated to non-controlling interest	1,247,026	1,340,478
Other individually immaterial subsidiaries	399	537
<b>Total</b>	<b>1,247,425</b>	<b>1,341,015</b>
Dividends to non-controlling interest	(674,630)	(799,560)
Cash flows from operating activities	1,237,331	1,434,082
Cash flows from investing activities	(1,635,019)	(1,453,535)
Cash flows from financing activities	141,351	346,883
Others	118	126

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**12 Long-term investments in related parties**

		<b>Consolidated and Separate financial statements</b>				
	Type of business	Relationship	Ownership interest		Paid-up capital	Cost
			2021	2020	2021	2020
			(%)		(in thousand Baht)	
<i>Related parties</i>						
Pomchai Enterprise Co., Ltd.	Real estate and service rental	Shareholder	0.65	0.65	4,599,920	45,653
<b>Total</b>					<b>45,653</b>	<b>45,653</b>



# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 13 Investment properties

	Consolidated financial statements			Separate financial statements	
	Land	Buildings	Total	Land	Total
	<i>(in thousand Baht)</i>				
<b>Cost</b>					
At 1 January 2020	371,894	18,500	390,394	74,044	74,044
Additions	133,819	-	133,819	-	-
Disposals	-	(14,000)	(14,000)	-	-
<b>At 31 December 2020 and 1 January 2021</b>	<b>505,713</b>	<b>4,500</b>	<b>510,213</b>	<b>74,044</b>	<b>74,044</b>
Additions	79,771	-	79,771	56,472	56,472
<b>At 31 December 2021</b>	<b>585,484</b>	<b>4,500</b>	<b>589,984</b>	<b>130,516</b>	<b>130,516</b>
<b>Depreciation and impairment losses</b>					
At 1 January 2020	-	17,644	17,644	-	-
Depreciation charge for the year	-	300	300	-	-
Disposals	-	(14,000)	(14,000)	-	-
<b>At 31 December 2020 and 1 January 2021</b>	<b>-</b>	<b>3,944</b>	<b>3,944</b>	<b>-</b>	<b>-</b>
Depreciation charge for the year	-	300	300	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>4,244</b>	<b>4,244</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>					
At 31 December 2020	505,713	556	506,269	74,044	74,044
At 31 December 2021	585,484	256	585,740	130,516	130,516

The fair value of investment properties of the Group and the Company as at 31 December 2021 of Baht 1,020 million and Baht 131 million, respectively (2020: Baht 964 million and Baht 75 million, respectively) was determined by independent professional valuers, at open market values on an existing use basis. The fair value of measurement for investment property has been categorised as a Level 3 fair value.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**14 Property, plant and equipment**

**Consolidated financial statements**

	Land and land improvement	Buildings and structures	Machinery and equipment for production	Tools and factory equipment	Office furniture, fixture and equipment (in thousand Baht)	Vehicle	Major spare parts	Exploration assets	Assets under construction and installation	Total
<i>Cost</i>										
At 1 January 2020	9,198,250	18,115,974	82,089,524	8,827,449	694,693	2,432,159	451,301	1,364,442	4,988,944	128,162,736
Additions	4,005,750	6,433	293,881	359,471	28,599	3,173	84,462	237,378	6,216,394	11,235,541
Transfers - net	-	73,708	1,638,008	54,662	4,867	-	(2,688)	-	(1,768,557)	-
Disposals	(296)	(17,023)	(229,540)	(8,496)	(26,333)	(50,797)	-	-	-	(332,485)
<b>At 31 December 2020 and 1 January 2021</b>	<b>13,203,704</b>	<b>18,179,092</b>	<b>83,791,873</b>	<b>9,233,086</b>	<b>701,826</b>	<b>2,384,535</b>	<b>533,075</b>	<b>1,601,820</b>	<b>9,436,781</b>	<b>139,065,792</b>
Additions	1,486,369	7,857	182,752	226,600	23,573	509	23,354	-	4,429,781	6,380,795
Transfers - net	-	358,452	5,330,045	51,652	8,961	490	(185,234)	-	(5,564,366)	-
Disposals / write - off	(54,074)	(57,622)	(97,528)	(7,955)	(5,375)	(14,321)	-	(1,601,820)	-	(1,838,695)
<b>At 31 December 2021</b>	<b>14,635,999</b>	<b>18,487,779</b>	<b>89,207,142</b>	<b>9,503,383</b>	<b>728,985</b>	<b>2,371,213</b>	<b>371,195</b>	<b>-</b>	<b>8,302,196</b>	<b>143,607,892</b>
<i>Depreciation and impairment losses</i>										
At 1 January 2020	364	6,588,894	27,384,721	5,512,752	525,858	1,893,314	-	-	4,532	41,910,435
Depreciation charge for the year	224	532,829	1,864,385	437,060	40,681	63,498	-	-	-	2,938,677
Impairment loss	-	-	-	-	-	-	-	1,601,820	-	1,601,820
Disposals	-	(14,851)	(215,482)	(5,222)	(26,326)	(48,249)	-	-	-	(310,130)
<b>At 31 December 2020 and 1 January 2021</b>	<b>588</b>	<b>7,106,872</b>	<b>29,033,624</b>	<b>5,944,590</b>	<b>540,213</b>	<b>1,908,563</b>	<b>-</b>	<b>1,601,820</b>	<b>4,532</b>	<b>46,140,802</b>
Depreciation charge for the year	224	533,623	1,805,527	423,879	39,752	56,984	-	-	-	2,859,989
Disposals / write - off	-	(52,536)	(78,992)	(6,085)	(5,199)	(14,319)	-	(1,601,820)	-	(1,758,951)
<b>At 31 December 2021</b>	<b>812</b>	<b>7,587,959</b>	<b>30,760,159</b>	<b>6,362,384</b>	<b>574,766</b>	<b>1,951,228</b>	<b>-</b>	<b>-</b>	<b>4,532</b>	<b>47,241,840</b>
<i>Net book value</i>										
At 31 December 2020	13,203,116	11,072,220	54,758,249	3,288,496	161,613	475,972	533,075	-	9,432,249	92,924,990
At 31 December 2021	14,635,187	10,899,820	58,446,983	3,140,999	154,219	419,985	371,195	-	8,297,664	96,366,052

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Separate financial statements						
	Office furniture, fixture and equipment (in thousand Baht)						Total
	Land and land improvement	Buildings and structures	Machinery and equipment for production	Tools and factory equipment	Vehicle	Major spare parts	
<b>Cost</b>							
At 1 January 2020	3,093,757	15,543,386	51,955,968	8,481,918	2,395,919	351,750	84,798,359
Additions	1,977	-	6,528	333,675	3,057	-	4,544,826
Transfers - net	-	28,628	1,377,509	47,034	-	(64,280)	-
Disposals	(296)	-	(23,591)	(8,205)	(50,796)	-	(106,900)
At 31 December 2020 and 1 January 2021	3,095,438	15,572,014	53,316,414	8,854,422	2,348,180	287,470	89,597,310
Additions	-	-	2,923	192,991	448	23,744	2,739,146
Transfers - net	-	287,173	2,260,703	28,165	-	(38,675)	(2,543,907)
Disposals	-	-	(31,681)	(2,308)	(14,298)	-	(51,279)
At 31 December 2021	3,095,438	15,859,187	55,548,359	9,073,270	2,334,330	272,539	92,516,556
<b>Depreciation and impairment losses</b>							
At 1 January 2020	-	5,889,589	20,908,789	5,321,913	1,854,987	-	34,407,828
Depreciation charge for the year	-	416,432	827,994	414,180	59,968	-	1,750,188
Disposals	-	-	(9,171)	(4,942)	(48,250)	-	(83,461)
At 31 December 2020 and 1 January 2021	-	6,306,021	21,727,612	5,731,151	1,866,705	-	36,074,555
Depreciation charge for the year	-	418,915	766,729	397,586	57,387	-	1,670,658
Disposals	-	-	(13,366)	(452)	(14,295)	-	(31,050)
At 31 December 2021	-	6,724,936	22,480,975	6,128,285	1,909,797	-	37,714,163
<b>Net book value</b>							
At 31 December 2020	3,095,438	9,265,993	31,588,802	3,123,271	481,475	287,470	53,522,755
At 31 December 2021	3,095,438	9,134,251	33,067,384	2,944,985	424,533	272,539	54,802,393

The gross amount of the Group and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2021 amounted to Baht 13,894 million and Baht 9,779 million, respectively (2020: Baht 12,515 million and Baht 9,458 million, respectively).

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

*Security*

At 31 December 2021 the Company's land, buildings, machinery and equipment with a net book value of Baht 5,557 million. (2020: Baht 5,363 million) are mortgaged or pledged as collateral for the long-terms loan.

Capitalised borrowing costs relating to the acquisition of the construction of new factory of the Group and the Company as at 31 December 2021 are Baht 525 million and Baht 191 million, respectively (2020: Baht 311 million and Baht 196 million, respectively), with capitalisation in the consolidated and separate financial statements of 1.68% - 5.20% (2020: 1.19% - 5.20%).

*Impairment assessment for property plant and equipment and loan to*

Two subsidiaries of the Company; TPI Polene Bio Organics Co., Ltd. and TPI All Seasons Co., Ltd. has continuous loss in operation which indicated the impairment in property, plant and equipment in consolidated financial statement and loan to in separate financial statement. The Group and the Company have assessed the recoverable amount base on value in use; determined by discounting future cash flows to be generated from the continuing use of assets. The key assumptions used to determine recoverable amount included sale volume and selling price, long-term growth rate derived from expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth and discount rate referred to weighted average cost of capital (WACC) of TPI Polene Bio Organics Co., Ltd. and TPI All Seasons Co., Ltd. at 8.00% and 10.86%, respectively (2020: 8.33% and 10.05%, respectively). Base on impairment assessment, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to the Company's financial statements. Increasing in discount rate and decreasing in long-term growth rate could cause the carrying amount to exceed the recoverable amount.

*Exploration assets*

For the exploration assets which the net book value as at 31 December 2019 of Baht 1,388 million. In June 2020, a subsidiary has granted an extension of time until January 2021 for petroleum exploration. Base on the study of the consulting company and the assessment of a subsidiary, the area has high petroleum potential. If a subsidiary continues to explore and drill for the well, it is highly probable to find petroleum.

Subsequently, the subsidiary has assessed petroleum exploration drilling results, which found but insufficient reserves for commercial development, and therefore cancelled all petroleum exploration. The Group has recognised loss on impairment of the petroleum exploration assets in the amount of Baht 1,602 million as expense in the consolidated financial statement for the year ended 31 December 2020.

In 2021, the subsidiary had write-off a full amount of the petroleum exploration assets.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 15 Lease

*As a lessee*

<i>Right-of-use assets At 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Land	237,614	257,183	42,033	45,654
Buildings	238,851	211,326	184,908	161,230
Equipment	14,871	7,243	14,871	7,243
Vehicles	161,617	143,484	117,671	110,863
<b>Total</b>	<b>652,953</b>	<b>619,236</b>	<b>359,483</b>	<b>324,990</b>

In 2021, additions to the right-of-use assets of the Group and the Company were Baht 232 million and Baht 171 million, respectively (2020: Baht 138 million and Baht 92 million, respectively).

The Group lease a number of land, buildings and vehicles for 2-30 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

#### *Extension options*

The Group has extension options on property leases exercisable up to one year before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess.

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets:				
- Land	47,562	40,481	3,380	2,115
- Buildings	61,343	39,884	57,052	37,292
- Equipment	8,841	2,426	8,841	2,426
- Vehicles	80,515	62,741	67,122	50,762
Interest on lease liabilities	21,272	17,731	10,122	7,265
Expenses relating to short-term leases	58,787	99,633	40,565	65,630

In 2021, total cash outflow for leases of the Group and the Company were Baht 200.58 million and Baht 133.07 million, respectively (2020: Baht 252.81 million and Baht 158.83 million, respectively).

**TPI Polene Public Company Limited and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 December 2021

**16 Intangible assets**

**Consolidated financial statements**

	Cost of raw material resources and cost of concessions	Software licenses	Development assets (in thousand Baht)	Others	Total
<i>Cost</i>					
At 1 January 2020	737,187	59,383	38,628	-	835,198
Additions	274,501	-	2,577	128,016	405,094
At 31 December 2020					
and 1 January 2021	1,011,688	59,383	41,205	128,016	1,240,292
Additions	3,533	-	62,319	139,750	205,602
Disposals	-	-	-	(8,016)	(8,016)
At 31 December 2021	1,015,221	59,383	103,524	259,750	1,437,878
<i>Amortisation</i>					
At 1 January 2020	624,429	47,163	27,056	-	698,648
Amortisation for the year	30,371	1,750	7,858	-	39,979
At 31 December 2020					
and 1 January 2021	654,800	48,913	34,914	-	738,627
Amortisation for the year	29,589	1,735	7,772	-	39,096
At 31 December 2021	684,389	50,648	42,686	-	777,723
<i>Net book value</i>					
At 31 December 2020	356,888	10,470	6,291	128,016	501,665
At 31 December 2021	330,832	8,735	60,838	259,750	660,155

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Separate financial statements**

	Cost of raw material resources and cost of concessions	Software licenses	Development assets (in thousand Baht)	Others	Total
<i>Cost</i>					
At 1 January 2020	737,187	59,383	38,628	-	835,198
Additions	274,501	-	2,577	120,000	397,078
At 31 December 2020 and 1 January 2021	1,011,688	59,383	41,205	120,000	1,232,276
Additions	3,533	-	61,436	139,750	204,719
Disposals	-	-	(1,776)	-	(1,776)
At 31 December 2021	1,015,221	59,383	100,865	259,750	1,435,219
<i>Amortisation</i>					
At 1 January 2020	624,429	47,163	27,056	-	698,648
Amortisation for the year	30,371	1,750	7,858	-	39,979
At 31 December 2020 and 1 January 2021	654,800	48,913	34,914	-	738,627
Amortisation for the year	29,589	1,735	7,556	-	38,880
At 31 December 2021	684,389	50,648	42,470	-	777,507
<i>Net book value</i>					
At 31 December 2020	356,888	10,470	6,291	120,000	493,649
At 31 December 2021	330,832	8,735	58,395	259,750	657,712

**TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

**17 Interest-bearing liabilities**

	Consolidated financial statements					
	Secured	2021 Unsecured	Total (in thousand Baht)	Secured	2020 Unsecured	Total
<b>Current</b>						
Short-term loans from financial institution	-	3,391,674	3,391,674	-	1,314,807	1,314,807
Current portion of long-term loans from financial institutions	-	1,000,000	1,000,000	179,343	1,428,571	1,607,914
Current portion of lease liabilities	-	157,073	157,073	-	132,369	132,369
Current portion of debentures	-	12,565,000	12,565,000	-	17,180,000	17,180,000
<b>Non-current</b>						
Long-term loans from financial institutions	-	-	-	380,711	1,000,000	1,380,711
Lease liabilities	-	350,856	350,856	-	323,626	323,626
Debentures	-	50,678,600	50,678,600	-	40,506,200	40,506,200
<b>Total interest-bearing liabilities</b>	<b>-</b>	<b>68,143,203</b>	<b>68,143,203</b>	<b>560,054</b>	<b>61,885,573</b>	<b>62,445,627</b>
	Separate financial statements					
	Secured	2021 Unsecured	Total (in thousand Baht)	Secured	2020 Unsecured	Total
<b>Current</b>						
Short-term loans from financial institution	-	3,391,674	3,391,674	-	1,075,182	1,075,182
Current portion of long-term loans from financial institutions	-	1,000,000	1,000,000	179,343	1,428,571	1,607,914
Current portion of lease liabilities	-	97,055	97,055	-	83,553	83,553
Current portion of debentures	-	8,567,000	8,567,000	-	13,180,000	13,180,000
<b>Non-current</b>						
Long-term loans from financial institutions	-	-	-	380,711	1,000,000	1,380,711
Lease liabilities	-	150,222	150,222	-	120,815	120,815
Debentures	-	39,964,200	39,964,200	-	32,744,200	32,744,200
<b>Total interest-bearing liabilities</b>	<b>-</b>	<b>53,170,151</b>	<b>53,170,151</b>	<b>560,054</b>	<b>49,632,321</b>	<b>50,192,375</b>

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(in thousand Baht)			
Within 1 year	17,113,747	20,235,090	13,055,729	15,946,649
1-5 years	50,853,860	42,031,589	40,080,488	34,210,967
After 5 years	175,596	178,948	33,934	34,759
<b>Total</b>	<b>68,143,203</b>	<b>62,445,627</b>	<b>53,170,151</b>	<b>50,192,375</b>



**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Secured interest-bearing liabilities as at 31 December were secured on the following net book value assets:

<i>Assets pledged as security for liabilities as at 31 December</i>	<i>Note</i>	<b>Consolidated and Separate financial statements</b>	
		2021	2020
		<i>(in thousand Baht)</i>	
Land and buildings		1,294,944	1,278,911
Machinery and equipment		4,261,595	4,083,826
<b>Total</b>	<b>14</b>	<b>5,556,539</b>	<b>5,362,737</b>

As at 31 December 2021 the Group and the Company had unutilised credit facilities totalling Baht 153 million and Baht 108 million, respectively (2020: Baht 153 million and Baht 108 million, respectively).

**Loan from financial institutions**

On 22 November 2018, the Company entered into a loan agreement with a local financial institution for working capital and/or to repay the debt of the Company without collateral of Baht 3,000 million for a period of 3.5 years with equal repayment every 6 months from the first drawdown date. Interest rate is as specified in the contract. The loan agreement stipulates certain conditions that the Company must comply with, such as maintaining certain financial ratios, maintaining of percentage of shares held in a subsidiary and certain claims. As at 31 December 2021, loans from the said financial institution amounted of Baht 429 million (2020: Baht 1,285 million).

On 26 June 2019, the Company entered into a loan agreement with a local financial institution for working capital and/or to repay the debt of the Company without collateral of Baht 2,000 million for a period of 3.5 years with equal repayment every 6 months from the first drawdown date. Interest rate is as specified in the contract. The loan agreement stipulates certain conditions that the Company must comply with, such as maintaining certain financial ratios, maintaining of percentage of shares held in a subsidiary and certain claims. As at 31 December 2021, loans from the said financial institution amounted of Baht 571 million (2020: Baht 1,143 million).

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**Debentures**

As at 31 December 2021, the Group and the Company had the unsecured, unsubordinated debentures in registered form with debentures holders' representative, payable quarterly totalling Baht 63,244 million and Baht 48,531 million, respectively (2020: Baht 57,686 million and Baht 45,924 million, respectively) as follows:

Issued Date	Consolidated financial statements					Interest rate (% p.a.)	Term
	The period to maturity within one year		The period to maturity over one year		Total		
	2021	2020	2021	2020			
	(in thousand Baht)						
5 August 2015	-	3,580,000	-	-	3,580,000	4.90	6 years
5 August 2015	3,743,000	-	-	3,848,000	3,743,000	5.20	7 years
1 April 2016	-	1,600,000	-	-	1,600,000	4.35	5 years
1 April 2016	1,197,000	-	-	1,200,000	1,197,000	4.60	6 years
1 April 2016	-	-	2,640,500	2,640,500	2,640,500	4.80	7 years
26 April 2018	-	8,000,000	-	-	8,000,000	3.30	3 years
28 November 2018	-	4,000,000	-	-	4,000,000	3.90	3 years
11 January 2019	3,525,000	-	-	3,530,000	3,525,000	4.10	3 years
1 March 2019	100,000	-	-	100,000	100,000	3.80	2 years 10 months 30 days
11 July 2019	-	-	2,820,000	2,820,000	2,820,000	3.90	3 years 6 months
11 July 2019	-	-	2,888,000	2,988,000	2,888,000	4.90	5 years 6 months
9 August 2019	4,000,000	-	-	4,000,000	4,000,000	3.50	3 years 3 months
16 January 2020	-	-	4,382,700	4,382,700	4,382,700	3.50	3 years
2 July 2020	-	-	4,127,000	4,127,000	4,127,000	4.25	3 years 9 months
19 August 2020	-	-	3,789,600	3,944,000	3,789,600	3.90	3 years 11 months
5 November 2020	-	-	3,515,300	3,515,300	3,515,300	4.25	4 years
5 November 2020	-	-	3,410,700	3,410,700	3,410,700	4.50	5 years
4 March 2021	-	-	4,000,000	-	4,000,000	4.15	4 years 3 months
30 April 2021	-	-	4,000,000	-	4,000,000	3.50	2 years 9 months
10 June 2021	-	-	3,000,000	-	3,000,000	3.00	2 years 6 months
8 October 2021	-	-	3,581,200	-	3,581,200	3.55	4 years 6 months
8 October 2021	-	-	4,000,000	-	4,000,000	3.70	4 years 11 months
12 November 2021	-	-	4,523,600	-	4,523,600	3.55	4 years 3 months
Total	12,565,000	17,180,000	50,678,600	40,506,200	63,243,600		57,686,200

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Issued Date	Separate financial statements				Interest rate (% p.a.)	Term	
	The period to maturity within one year		The period to maturity over one year				Total
	2021	2020	2021	2020			
			(in thousand Baht)				
5 August 2015	-	3,580,000	-	-	3,580,000	4.90	
5 August 2015	3,745,000	-	-	3,850,000	3,850,000	5.20	
1 April 2016	-	1,600,000	-	-	1,600,000	4.35	
1 April 2016	1,197,000	-	-	1,200,000	1,200,000	4.60	
1 April 2016	-	-	2,640,500	2,640,500	2,640,500	4.80	
26 April 2018	-	8,000,000	-	-	8,000,000	3.30	
11 January 2019	3,525,000	-	-	3,530,000	3,530,000	4.10	
1 March 2019	100,000	-	-	100,000	100,000	3.80	
11 July 2019	-	-	3,000,000	3,000,000	3,000,000	3.90	
11 July 2019	-	-	2,888,000	2,988,000	2,988,000	4.90	
16 January 2020	-	-	4,382,700	4,382,700	4,382,700	3.50	
2 July 2020	-	-	4,127,000	4,127,000	4,127,000	4.25	
5 November 2020	-	-	3,515,300	3,515,300	3,515,300	4.25	
5 November 2020	-	-	3,410,700	3,410,700	3,410,700	4.50	
4 March 2021	-	-	4,000,000	-	4,000,000	4.15	
30 April 2021	-	-	4,000,000	-	4,000,000	3.50	
8 October 2021	-	-	4,000,000	-	4,000,000	3.55	
8 October 2021	-	-	4,000,000	-	4,000,000	3.70	
Total	8,567,000	13,180,000	39,964,200	32,744,200	48,531,200	45,924,200	

**TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

**18 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Related parties	5	312,029	351,390	373,773	385,053
Other parties		3,304,597	2,526,291	2,781,915	2,068,938
<b>Total</b>		<b><u>3,616,626</u></b>	<b><u>2,877,681</u></b>	<b><u>3,155,688</u></b>	<b><u>2,453,991</u></b>

**19 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Accrued expenses		1,124,550	667,814	892,395	468,942
Deposit from sales		595,442	389,186	505,491	320,800
Guarantee and deposits		311,660	306,415	306,290	297,060
Retention payable		172,023	467,330	48,592	53,606
Machine Payable		220,634	328,843	185,912	161,310
Others		536,866	721,242	374,011	447,238
<b>Total</b>		<b><u>2,961,175</u></b>	<b><u>2,880,830</u></b>	<b><u>2,312,691</u></b>	<b><u>1,748,956</u></b>

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
<b>Non-current provision for:</b>					
Post-employment benefits					
Defined benefit plan		<b><u>2,257,704</u></b>	<b><u>2,326,482</u></b>	<b><u>1,919,174</u></b>	<b><u>1,956,682</u></b>

***Defined benefit plan***

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

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

<i>Present value of the defined benefit obligations</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	2,326,482	2,337,557	1,956,682	1,970,539
<b>Recognised in profit or loss:</b>				
Current service cost and interest on obligation	2,792	32,751	-	23,466
<b>Recognised in other comprehensive income:</b>				
Actuarial losses	-	-	-	-
<b>Other</b>				
Benefit paid	(71,570)	(43,826)	(37,508)	(37,323)
<b>At 31 December</b>	<b>2,257,704</b>	<b>2,326,482</b>	<b>1,919,174</b>	<b>1,956,682</b>

<i>Principal actuarial assumptions</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(%)</i>			
Discount rate	2.70 - 2.91	1.72 - 2.06	2.70 - 2.87	1.72 - 2.00
Future salary growth	2.35 - 6.11	2.28 - 4.61	4.29 - 6.11	3.12 - 4.61

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

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 24 years (2020: 22 years).

### *Sensitivity analysis*

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

<i>Effect to the defined benefit obligation At 31 December</i>	<b>Consolidated financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate	(246,316)	(218,142)	281,140	257,199
Future salary growth	249,268	223,415	(222,128)	(193,070)
<i>Effect to the defined benefit obligation At 31 December</i>	<b>Separate financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Discount rate	(176,131)	(186,153)	207,857	220,857
Future salary growth	179,151	190,741	(155,934)	(165,378)

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**21 Share capital**

	Par value per share (in Baht)	Consolidated and Separate financial statements			
		2021		2020	
		Number	Amount (thousand shares / in thousand Baht)	Number	Amount
<b><i>Authorised</i></b>					
At 1 January	1	23,805,500	23,805,500	23,805,500	23,805,500
- ordinary shares					
Reduction of shares	1	(54,000)	(54,000)	-	-
<b>At 31 December</b>					
- ordinary shares	1	<u>23,751,500</u>	<u>23,751,500</u>	<u>23,805,500</u>	<u>23,805,500</u>
<b><i>Issued and paid-up</i></b>					
At 1 January	1	19,180,500	19,180,500	19,180,500	19,180,500
- ordinary shares					
Reduction of shares	1	(54,000)	(54,000)	-	-
<b>At 31 December</b>					
- ordinary shares	1	<u>19,126,500</u>	<u>19,126,500</u>	<u>19,180,500</u>	<u>19,180,500</u>

**22 Treasury shares**

During 2021, the Company has sold 165.61 million treasury shares totalling to Baht 281.27 million, consisting the cost of the repurchased treasury shares calculated by the weighted average method in the amount of Baht 195.79 million and surplus on sale of treasury shares (Surplus on treasury shares) in the amount of Baht 85.48 million, presented as a separate category within equity.

On 16 June 2021, the Company's treasury shares has remained 54.00 million shares. The Company registered to decrease capital totalling 54.00 million shares, at par value Baht 1 per share, by writing off the treasury shares totally 54.00 million shares that could not be sold through the Securities Exchange of Thailand on 11 June 2021 with the Ministry of Commerce and write-off all treasury shares and treasury shares reserve from equity.

At the Board of Directors meeting held on 23 December 2021, it approved the Company's share repurchase for financial management purposes scheme, the maximum amount for the share repurchase is not greater than Baht 450 million, number of shares repurchased 191.27 million shares, at par value Baht 1 per share, or representing 1% of the total paid-up capital. The repurchase period has started from 10 January 2022 to 10 April 2022.

On 21 January 2022, the Company has completely repurchased the shares under the program of 191.27 million shares at a total cost of Baht 365.55 million.

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **23 Reserves**

Reserves comprise:

#### *Appropriations of profit and retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

##### **Treasury shares reserve**

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company's own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

### **24 Segment information and disaggregation of revenue**

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

- Construction Materials
- Petrochemical & Chemicals
- Energy & Utilities
- Agriculture

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**(a) Reportable segment results**

Consolidated Financial Statements							Reportable segment profit (loss) before interest, tax, depreciation, and amortisation
Revenue from external customers		Inter-segment revenue		Total reportable segment revenue			
2021	2020	2021	2020	2021	2020		
<i>(in thousand Baht)</i>							
Construction Materials	16,968,829	17,468,305	6,439,711	8,984,019	23,408,540	1,617,277	1,654,558
Petrochemical & Chemicals	12,550,440	7,616,357	10,093,393	5,926,992	22,643,833	5,220,679	1,988,978
Energy & Utilities	9,266,087	9,072,251	1,807,746	2,047,099	11,073,833	5,441,339	5,693,516
Agriculture	134,429	118,857	158,073	140,796	292,502	(13,784)	(22,506)
<b>Total</b>	<b>38,919,785</b>	<b>34,275,770</b>	<b>18,498,923</b>	<b>17,098,906</b>	<b>57,418,708</b>	<b>12,265,511</b>	<b>9,314,546</b>
Other gain (loss)						(15,201)	(160)
						12,250,310	9,314,386
Finance costs						(2,061,541)	(2,014,903)
Depreciation and amortisation						(3,097,646)	(3,124,488)
Impairment loss of assets						-	(1,601,820)
Others						390,708	192,348
Share of profit (loss) of associates accounted for using equity method						24,703	56,321
Elimination of inter-segment (profit) loss						(49,298)	(57,003)
<b>Profit before income tax expense for the year</b>						<b>7,457,236</b>	<b>2,764,841</b>

Timing of reportable segment revenue recognition of the Group is at a point in time.



# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b>	
	<b>Reportable segment</b>	
	<b>profit (loss) before tax</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
Construction Materials	(1,563,314)	(1,582,155)
Petrochemical & Chemicals	5,219,060	1,775,987
Energy & Utilities	4,301,464	4,628,005
Agriculture	(60,322)	(93,102)
<b>Total</b>	<b>7,896,888</b>	<b>4,728,735</b>
Impairment loss of assets	-	(1,601,820)
Other gains (losses)	(28,813)	24,221
Finance costs for investment	(397,456)	(387,876)
Elimination of inter-segment (profit) loss	(13,383)	1,581
<b>Profit (loss) before income tax expense for the year</b>	<b>7,457,236</b>	<b>2,764,841</b>

### (b) Reportable segment financial position

	<b>Consolidated financial statements</b>	
	<b>Segment assets</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
Construction Materials	76,935,278	73,126,203
Petrochemical & Chemicals	15,297,125	10,015,700
Energy & Utilities	43,031,698	40,299,386
Agriculture	2,117,248	2,161,415
Others	584,705	580,989
	<b>137,966,054</b>	<b>126,183,693</b>
Unallocated assets	9,059,366	6,182,250
<b>Total</b>	<b>147,025,420</b>	<b>132,365,943</b>
Elimination of inter-segment assets	(11,311,822)	(8,457,041)
<b>Total assets</b>	<b>135,713,598</b>	<b>123,908,902</b>

### (c) Disaggregation of revenue

	<b>Separate financial statement</b>	
	<b>Revenue from sale of goods</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
Construction Materials	17,047,621	16,519,666
Petrochemical & Chemicals	11,522,509	6,733,110
<b>Total</b>	<b>28,570,130</b>	<b>23,252,776</b>

Timing of revenue recognition of the Company is at a point in time.

### Geographical segments

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

<i>Geographical information</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Thailand	26,427,221	23,018,707	28,258,765	22,678,681
China	8,349,487	5,458,979	-	-
Bangladesh	399,104	370,839	-	-
Others	3,743,973	5,427,245	311,365	574,095
<b>Total</b>	<b>38,919,785</b>	<b>34,275,770</b>	<b>28,570,130</b>	<b>23,252,776</b>

The Group is managed and operates principally in Thailand.

**(d) Disaggregation of finance cost**

	<b>Separate financial statements</b>	
	<b>Finance cost</b>	
	2021	2020
	<i>(in thousand Baht)</i>	
Construction Materials	1,486,884	1,312,215
Petrochemical & Chemicals	3,387	50,490
Investing	397,456	387,876
<b>Total</b>	<b>1,887,727</b>	<b>1,750,581</b>

**25 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Revenue from machine rental	183,155	141,363	-	-
Income from sale of scraps	59,339	48,909	59,339	48,909
Sale steam	52,709	50,515	13,313	10,288
Rental trucks income	14,741	15,065	21,221	21,228
Share services income	2,014	300	580,763	125,920
Other income - claim insurance	510	100,340	480	754
Income from sale of spare parts	-	2,617	17,486	18,114
Others	247,047	379,068	111,150	425,132
<b>Total</b>	<b>559,515</b>	<b>738,177</b>	<b>803,752</b>	<b>650,345</b>

**26 Cost of distributions and transportations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Delivery expenses	1,812,988	1,640,737	1,500,166	1,483,783
Personnel expenses	831,473	806,245	717,873	699,162
Depreciation and amortisation	208,223	208,507	198,150	198,780
Maintenance expenses	34,418	48,437	29,659	42,810
Others	459,589	460,189	438,254	377,134
<b>Total</b>	<b>3,346,691</b>	<b>3,164,115</b>	<b>2,884,102</b>	<b>2,801,669</b>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Personnel expenses	942,839	924,988	713,276	710,737
Depreciation and amortisation	156,355	134,860	142,381	118,924
Maintenance expenses	21,966	7,521	20,671	3,716
Others	926,129	680,892	290,361	246,966
<b>Total</b>	<b><u>2,047,289</u></b>	<b><u>1,748,261</u></b>	<b><u>1,166,689</u></b>	<b><u>1,080,343</u></b>

### 28 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Management</b>				
Wages and salaries	276,930	323,968	210,977	263,174
Defined benefit plan	4,501	4,474	-	1,745
Others	53,609	48,152	28,578	27,074
	<b><u>335,040</u></b>	<b><u>376,594</u></b>	<b><u>239,555</u></b>	<b><u>291,993</u></b>
<b>Other employees</b>				
Wages and salaries	5,681,627	5,370,341	4,401,836	4,140,157
Defined benefit plan	3,865	33,636	-	21,721
Others	325,513	331,831	232,290	230,402
	<b><u>6,011,005</u></b>	<b><u>5,735,808</u></b>	<b><u>4,634,126</u></b>	<b><u>4,392,280</u></b>
<b>Total</b>	<b><u>6,346,045</u></b>	<b><u>6,112,402</u></b>	<b><u>4,873,681</u></b>	<b><u>4,684,273</u></b>

#### *Defined contribution plans*

The defined contribution plans comprise provident funds established by some companies of the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Company at rates ranging from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

**29 Expenses by nature**

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods:</i></b>				
Changes in inventories of finished goods and work in progress	(1,916,202)	2,495,864	(1,773,744)	2,641,046
Raw materials and consumables used	15,787,063	15,288,970	8,308,131	6,839,067
Reversal of loss on decline in value of inventories	(10,777)	(14,973)	(2,314)	(10,988)
Depreciation of plant and equipment	2,719,256	2,766,994	1,491,590	1,550,931
Amortisation of intangible assets	13,812	14,127	13,812	14,127
<b><i>Included in distribution costs:</i></b>				
Depreciation of plant and equipment	200,451	200,649	190,594	190,922
Amortisation of intangible assets	7,772	7,858	7,556	7,858
<b><i>Included in administrative expenses:</i></b>				
Depreciation of plant and equipment	138,843	116,866	124,869	100,930
Amortisation of intangible assets	17,512	17,994	17,512	17,994

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 30 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
		(in thousand Baht)			
<b>Interest expense :</b>					
Loans from related party		-	-	1,986	2,005
Loans from financial institutions		136,178	244,280	135,803	229,478
Debentures		2,423,780	2,055,224	1,931,282	1,708,295
Leases	15	21,272	17,731	10,122	7,265
<b>Total interest expense</b>		<b>2,581,230</b>	<b>2,317,235</b>	<b>2,079,193</b>	<b>1,947,043</b>
Others		5,401	8,412	-	-
		<b>2,586,631</b>	<b>2,325,647</b>	<b>2,079,193</b>	<b>1,947,043</b>
<i>Less: amounts included in the cost of qualifying assets:</i>					
- Construction contracts work in progress		(525,090)	(310,744)	(191,466)	(196,462)
<b>Net</b>		<b>2,061,541</b>	<b>2,014,903</b>	<b>1,887,727</b>	<b>1,750,581</b>

### 31 Income tax

		Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
		(in thousand Baht)			
<b>Income tax recognised in profit or loss</b>					
<b>Current tax expense</b>					
Current year		170,992	170,357	-	-
Adjustment for prior years		6,913	5,838	455	-
		<b>177,905</b>	<b>176,195</b>	<b>455</b>	<b>-</b>
<b>Deferred tax expense</b>					
Movements in temporary differences		361,372	(250,520)	397,111	(181,688)
<b>Total tax (income) expense</b>		<b>539,277</b>	<b>(74,325)</b>	<b>397,566</b>	<b>(181,688)</b>

**TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

<b>Consolidated financial statements</b>						
	Before tax	2021 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2020 Tax (expense) benefit	Net of tax
<b>Income tax</b>						
<b>Recognised in other comprehensive income</b>						
Foreign currency translation differences for foreign operations	353	-	353	(18)	-	(18)
Financial assets at FVOCI	9	(2)	7	9	(1)	8
Share of other comprehensive income (expense) of associates	12,735	-	12,735	(3,778)	-	(3,778)
<b>Total</b>	<b>13,097</b>	<b>(2)</b>	<b>13,095</b>	<b>(3,787)</b>	<b>(1)</b>	<b>(3,788)</b>

<b>Separate financial statements</b>						
	Before tax	2021 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2020 Tax (expense) benefit	Net of tax
<b>Income tax</b>						
<b>Recognised in other comprehensive income</b>						
Financial assets at FVOCI	7	(2)	5	3	(1)	2
Share of other comprehensive income (expense) of subsidiaries accounted for using equity method	355	-	355	(13)	-	(13)
Share of other comprehensive income (expense) of associates accounted for using equity method	12,735	-	12,735	(3,778)	-	(3,778)
<b>Total</b>	<b>13,097</b>	<b>(2)</b>	<b>13,095</b>	<b>(3,788)</b>	<b>(1)</b>	<b>(3,789)</b>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Reconciliation of effective tax rate

	Rate (%)	Consolidated financial statements	
		2021 (in thousand Baht)	2020 (in thousand Baht)
Profit before income tax expense		<u>7,457,236</u>	<u>2,764,841</u>
Income tax using the Thai corporation tax rate	20	1,491,447	552,968
Income not subject to tax		(321,153)	(90,005)
Profit was derived from promoted activities		(746,457)	(827,771)
Expenses not deductible for tax purposes		104,720	330,148
Deferred tax asset from tax loss expired		55,290	38,313
Prior year losses recognised as deferred tax asset in current year		-	(101,969)
Recognition of previously unrecognised tax losses		(71,305)	(2,308)
Current year losses for which no deferred tax asset was recognised		19,822	20,461
Under provided in prior years		6,913	5,838
<b>Total</b>	<u>7</u>	<u>539,277</u>	<u>(74,325)</u>

### Reconciliation of effective tax rate

	Rate (%)	Separate financial statements	
		2021 (in thousand Baht)	2020 (in thousand Baht)
Profit before income tax expense		<u>6,068,100</u>	<u>1,316,464</u>
Income tax using the Thai corporation tax rate	20	1,213,620	263,292
Income not subject to tax		(948,402)	(703,684)
Profit was derived from promoted activities		(2,331)	(6,201)
Expenses not deductible for tax purposes		95,800	226,592
Deferred tax asset from tax loss expired		38,424	38,313
Under provided in prior years		455	-
<b>Total</b>	<u>7</u>	<u>397,566</u>	<u>(181,688)</u>

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

<i>Deferred tax</i> <i>At 31 December</i>	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Total	1,261,781	1,582,905	(760,361)	(720,111)
Set off of tax	(716,667)	(669,117)	716,667	669,117
<b>Net deferred tax assets (liabilities)</b>	<b>545,114</b>	<b>913,788</b>	<b>(43,694)</b>	<b>(50,994)</b>

<i>Deferred tax</i> <i>At 31 December</i>	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Total	1,008,617	1,349,060	(717,422)	(660,752)
Set off of tax	(717,422)	(660,752)	717,422	660,752
<b>Net deferred tax assets (liabilities)</b>	<b>291,195</b>	<b>688,308</b>	<b>-</b>	<b>-</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements (Charged) / Credited to			
	At 1 January 2021	Profit or loss Other comprehensive income (in thousand Baht)		At 31 December 2021
<b>Deferred tax assets</b>				
Allowance for expected credit loss	18,460	(3,062)	-	15,398
Allowance for decline in value of inventories	4,604	(1,693)	-	2,911
Allowance for impairment of assets	1,806	-	-	1,806
Provision for sales discount and sales promotional	14,398	(1,149)	-	13,249
Provision for employee benefit	456,609	(13,756)	-	442,853
Loss carry forward	1,081,549	(309,242)	-	772,307
Provision for decommissioning costs	5,387	7,738	-	13,125
Others	92	42	(2)	132
<b>Total</b>	<b>1,582,905</b>	<b>(321,122)</b>	<b>(2)</b>	<b>1,261,781</b>
<b>Deferred tax liabilities</b>				
Amortisation gap of concessions	(3,666)	391	-	(3,275)
Lease liabilities	(152,244)	(14,389)	-	(166,633)
Depreciation gap of assets	(499,602)	(34,922)	-	(534,524)
Property, plant and equipment	(64,599)	8,670	-	(55,929)
<b>Total</b>	<b>(720,111)</b>	<b>(40,250)</b>	<b>-</b>	<b>(760,361)</b>
<b>Net</b>	<b>862,794</b>	<b>(361,372)</b>	<b>(2)</b>	<b>501,420</b>



# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Consolidated financial statements		
	(Charged) / Credited to		
	At 1 January 2020	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2020
<b><i>Deferred tax assets</i></b>			
Allowance for expected credit loss	21,195	(2,735)	18,460
Allowance for decline in value of inventories	5,401	(797)	4,604
Allowance for impairment of assets	1,806	-	1,806
Provision for sales discount and sales promotional	13,371	1,027	14,398
Provision for employee benefit	458,793	(2,184)	456,609
Loss carry forward	788,524	293,025	1,081,549
Provision for decommissioning costs	2,559	2,828	5,387
Others	(1,225)	1,318	92
<b>Total</b>	<b>1,290,424</b>	<b>292,482</b>	<b>1,582,905</b>
<b><i>Deferred tax liabilities</i></b>			
Amortisation gap of concessions	(4,123)	457	(3,666)
Lease liabilities	(141,938)	(10,306)	(152,244)
Depreciation gap of assets	(458,818)	(40,784)	(499,602)
Property, plant and equipment	(73,270)	8,671	(64,599)
<b>Total</b>	<b>(678,149)</b>	<b>(41,962)</b>	<b>(720,111)</b>
<b>Net</b>	<b>612,275</b>	<b>250,520</b>	<b>862,794</b>
	Separate financial statements		
	(Charged) / Credited to		
	At 1 January 2021	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2021
<b><i>Deferred tax assets</i></b>			
Allowance for expected credit loss	13,069	(947)	12,122
Allowance for impairment of assets	900	-	900
Provision for sales discount and sales promotional	13,492	(1,055)	12,437
Provision for employee benefit	391,336	(7,501)	383,835
Loss carry forward	930,111	(330,938)	599,173
Others	152	-	150
<b>Total</b>	<b>1,349,060</b>	<b>(340,441)</b>	<b>1,008,617</b>
<b><i>Deferred tax liabilities</i></b>			
Amortisation gap of concessions	(3,666)	391	(3,275)
Lease liabilities	(103,525)	(22,911)	(126,436)
Depreciation gap of assets	(553,561)	(34,150)	(587,711)
<b>Total</b>	<b>(660,752)</b>	<b>(56,670)</b>	<b>(717,422)</b>
<b>Net</b>	<b>688,308</b>	<b>(397,111)</b>	<b>291,195</b>

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	At 1 January 2020	Separate financial statements (Charged) / Credited to		At 31 December 2020
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Allowance for expected credit loss	14,120	(1,051)	-	13,069
Allowance for impairment of assets	900	-	-	900
Provision for sales discount and sales promotional	12,416	1,076	-	13,492
Provision for employee benefit	394,106	(2,770)	-	391,336
Loss carry forward	707,432	222,679	-	930,111
Others	153	-	(1)	152
<b>Total</b>	<b>1,129,127</b>	<b>219,934</b>	<b>(1)</b>	<b>1,349,060</b>
<b><i>Deferred tax liabilities</i></b>				
Amortisation gap of concessions	(4,123)	457	-	(3,666)
Lease liabilities	(86,345)	(17,180)	-	(103,525)
Depreciation gap of assets	(532,038)	(21,523)	-	(553,561)
<b>Total</b>	<b>(622,506)</b>	<b>(38,246)</b>	<b>-</b>	<b>(660,752)</b>
<b>Net</b>	<b>506,621</b>	<b>181,688</b>	<b>(1)</b>	<b>688,308</b>

Deferred tax asset arising from loss carry forward has not been recognised in the consolidated and separate financial statements as at 31 December 2021 amounting to Baht 1,183.1 million and Baht 943.9 million, respectively (2020: Baht 1,178.6 million and Baht 953.1 million, respectively).

The tax losses expire in 2022 to 2026. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.

***Recognition of deferred tax asset from tax loss***

In 2021 and 2020, the Group has entered into several agreements for many projects. As a result, management estimates future taxable profits and, as at 31 December 2021, the Group recognised deferred tax assets from tax losses in the consolidated and separate financial statements amounting to Baht 772 million and Baht 599 million, respectively (2020: Baht 1,082 million and Baht 930 million, respectively) because management considered it probable that future taxable profits would be available against which such losses can be used.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Deferred tax asset from loss carry forward in the consolidated and separate financial statements will expire as detail shown below.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Deferred tax assets from loss carry forward expiring in year				
- 2021	-	348,236	-	330,938
- 2022	383,888	383,456	338,180	338,180
- 2023	57,673	57,673	-	-
- 2024	21,161	31,040	-	-
- 2025	260,993	261,144	260,993	260,993
- 2026	48,592	-	-	-
<b>Total</b>	<b>772,307</b>	<b>1,081,549</b>	<b>599,173</b>	<b>930,111</b>

### 32 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to petrochemical products, plastic film products, masterbatch, compound plastic, compound rubber, organic fertilizer, natural gas stations, power plants and fuel production from garbage and waste. The privileges granted include:

- (a) exemption from payment of import duty on machinery and equipment approved by the Board;
- (b) exemption from payment of corporate income tax for certain operations for a period of 3 - 8 years from the dates on which the income is first derived from such operations;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above;
- (d) a deduction of twice the actual transportation, electrical and water supply expenses for a period of 10 years from the respective revenues and a 25% reduction of the capital expenditure for the installation or the construction of the facilities in addition to the normal depreciation; and
- (e) losses occur during the period could be carried forward 5 years commencing from the expiry date of the privileges to deducted from the profit that occur after the period of exemption of cooperative income tax.

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

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

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2021			2020		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	12,520,668	12,520,668	-	11,251,501	11,251,501
Local sales	9,578,463	35,236,685	44,815,148	9,761,146	30,326,029	40,087,175
Eliminations	(1,724,739)	(16,691,292)	(18,416,031)	(2,037,534)	(15,025,372)	(17,062,906)
<b>Total</b>	<b>7,853,724</b>	<b>31,066,061</b>	<b>38,919,785</b>	<b>7,723,612</b>	<b>26,552,158</b>	<b>34,275,770</b>

	Separate financial statements					
	2021			2020		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	411,216	411,216	-	584,899	584,899
Local sales	139,385	28,019,529	28,158,914	103,616	22,564,261	22,667,877
<b>Total</b>	<b>139,385</b>	<b>28,430,745</b>	<b>28,570,130</b>	<b>103,616</b>	<b>23,149,160</b>	<b>23,252,776</b>

### 33 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2021 and 2020 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years, after adjusting the own shares held by subsidiaries. The calculations are as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>5,670,534</b>	<b>1,498,152</b>	<b>5,670,534</b>	<b>1,498,152</b>
Number of ordinary shares outstanding at 1 January	19,180,500	19,180,500	19,180,500	19,180,500
Effect of treasury shares	(78,642)	(277,541)	(78,642)	(277,541)
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>19,101,858</b>	<b>18,902,959</b>	<b>19,101,858</b>	<b>18,902,959</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.297</b>	<b>0.079</b>	<b>0.297</b>	<b>0.079</b>

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **34 Dividends**

At the annual general meeting of the shareholders of the Company held on 4 August 2020, the shareholders acknowledged the interim dividend payment of 2019 annual dividend at Baht 0.06 per share, amounting to Baht 1,149.20 million. After a deduction of the interim dividends of Baht 0.03 per share which paid to the Company's shareholders in 2019, the remaining dividends of Baht 0.03 per share, totalling Baht 573.78 million. The dividend was paid to the shareholders on May 2020 and no further dividend payment shall be made from the fiscal year 2019.

At the Board of Directors' meeting of the Company held on 27 August 2020, the Board of Directors' meeting approved the appropriation of interim dividend from the Company's retained earnings of Baht 0.03 per share, amounting to Baht 563.91 million. The dividend was paid to the shareholders in September 2020.

At the annual general meeting of the shareholders of the Company held on 22 April 2021, the shareholders approved the appropriation of dividend from the Company's retained earnings of Baht 0.06 per share, amounting to Baht 1,150.83 million. After a deduction of the interim dividends of Baht 0.03 per share which paid to the Company's shareholders in 2020, the remaining dividends of Baht 0.03 per share, totalling Baht 573.79 million. The dividend was paid to the shareholders in May 2021.

At the Board of Directors' meeting of the Company held on 30 September 2021, the Board of Directors approved the appropriation of interim dividend from the Company's retained earnings of Baht 0.03 per share, amounting to Baht 573.80 million. The dividend was paid to the shareholders in October 2021.

### **35 Financial instruments**

#### **(a) Carrying amounts and fair values**

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

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

At 31 December 2021	Note	Consolidated financial statements						Fair value		
		Carrying amount		(in thousand Baht)						
		Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>										
Other financial assets										
Investment in equity instruments		-	233	-	233	233	-	-	-	233
Investment in debt instruments	9	4,335,129	1,207	27,113	4,363,449	3,806,496	541,970	-	4,348,466	
Promissary Note		-	-	2,145,658	2,145,658	-	2,145,658	-	2,145,658	
Total financial assets		4,335,129	1,440	2,172,771	6,509,340					
<b>Financial liabilities</b>										
Promissary Note	17	-	-	3,391,674	3,391,674	-	3,392,337	-	3,392,337	
Debentures	17	-	-	63,243,600	63,243,600	-	63,905,528	-	63,905,528	
Total financial liabilities		-	-	66,635,274	66,635,274					

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	At 31 December 2020	Note	Carrying amount				Consolidated financial statements				Fair value		
			Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost		Total	Level 1	Level 2	Level 3	Total		
						(in thousand Baht)							
<b>Financial assets</b>													
Other financial assets													
Investment in equity instruments			-	226	-	226	226	226	-	-	-	226	
Investment in debt instruments	9		2,699,273	1,205	327,514	3,027,992	2,655,499	374,777	-	-	-	3,030,276	
Promissory Note			-	-	499,241	499,241	-	499,280	-	-	-	499,280	
<b>Total financial assets</b>			<b>2,699,273</b>	<b>1,431</b>	<b>826,755</b>	<b>3,527,459</b>							
<b>Financial liabilities</b>													
Promissory Note	17		-	-	1,314,807	1,314,807	-	1,315,543	-	-	-	1,315,543	
Debentures	17		-	-	57,686,200	57,686,200	-	58,246,890	-	-	-	58,246,890	
<b>Total financial liabilities</b>			<b>-</b>	<b>-</b>	<b>59,001,007</b>	<b>59,001,007</b>							

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

At 31 December 2021	Note	Carrying amount			Separate financial statements			Fair value	
		Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total (in thousand Baht)	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
Other financial assets									
Investment in equity instruments		-	233	-	233	233	-	-	233
Investment in debt instruments	9	1,803,991	-	11,789	1,815,780	1,803,991	12,486	-	1,816,477
Promissary Note		-	-	698,218	698,218	-	698,218	-	698,218
Total financial assets		<u>1,803,991</u>	<u>233</u>	<u>710,007</u>	<u>2,514,231</u>				
<b>Financial liabilities</b>									
Promissary Note	17	-	-	3,391,674	3,391,674	-	3,392,337	-	3,392,337
Debentures	17	-	-	48,531,200	48,531,200	-	49,120,253	-	49,120,253
Total financial liabilities		-	-	<u>51,922,874</u>	<u>51,922,874</u>				



**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

	<i>At 31 December 2020</i>	<i>Note</i>	Carrying amount			Separate financial statements				Fair value	
			Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total	
						(in thousand Baht)					
<b>Financial assets</b>											
Other financial assets											
Investment in equity instruments			-	226	-	226	226	-	-	226	
Investment in debt instruments	9		1,302,891	-	211,749	1,514,640	1,302,891	213,007	-	1,515,898	
Promissary Note			-	-	199,385	199,385	-	199,385	-	199,385	
<b>Total financial assets</b>			<b>1,302,891</b>	<b>226</b>	<b>411,134</b>	<b>1,714,251</b>					
<b>Financial liabilities</b>											
Promissary Note	17		-	-	1,075,182	1,075,182	-	1,075,858	-	1,075,858	
Debentures	17		-	-	45,924,200	45,924,200	-	46,415,493	-	46,415,493	
<b>Total financial liabilities</b>			<b>-</b>	<b>-</b>	<b>46,999,382</b>	<b>46,999,382</b>					

**TPI Polene Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2021**

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position:

Type	Valuation technique
Investments in government bonds guaranteed by the government, classified as financial assets measured at amortised cost	Thai Bond Market Association Government Bond Yield Curve as of the reporting date.
Corporate debt securities (Private funds)	<i>Market comparison/discounted cash flow:</i> The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.
Investments in marketable unit trusts classified as financial assets measured at FVTPL or FVOCI	The net asset value as of the reporting date.
Debentures	A valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **(b) Financial risk management policies**

#### *Risk management framework*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### **(b.1) Credit risk**

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

##### **(b.1.1) Trade accounts receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 24(c).

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered. The Group's review financial statements, industry information and in some cases bank references. Sale limits are established for each customer and reviewed regularly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 360 days. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for groupings of various customer segments with similar credit risks to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables and contract assets are disclosed in note 7 and 24, respectively.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

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

The Group considers that all debt investments measured at amortised cost and FVOCI have low credit risk. Then the credit loss allowance assessed during the year was therefore limited to 12 months expected losses or 'low credit risk'. Marketable bonds are considered to be an investment grade credit rating published by external credit rating agencies. The credit risk of other instruments are considered to be low when the risk of default is low and the issuer has a strong capacity to meet its contractual cash flow obligations.

**(b.1.3) Cash and cash equivalent and derivatives**

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

**(b.2) Liquidity risk**

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

The following table are the remaining contractual maturities of financial liabilities at the reporting date.

Consolidated financial statements					
Contractual cash flows					
	Carrying amount	1 year or less	After 1 year but within 5 years (in thousand Baht)	More than 5 years	Total
<i>At 31 December 2021</i>					
<i>Non-derivative financial liabilities</i>					
Short-term loans from financial institutions	3,391,674	3,391,674	-	-	3,391,674
Trade payables	3,616,626	3,438,856	169,755	8,015	3,616,626
Loans from financial institutions	1,000,000	1,000,000	-	-	1,000,000
Lease liabilities	507,929	136,258	208,569	224,777	569,604
Debentures	63,243,600	12,565,000	50,678,600	-	63,243,600
<b>Total</b>	<b>71,759,829</b>	<b>20,531,788</b>	<b>51,056,924</b>	<b>232,792</b>	<b>71,821,504</b>
<i>At 31 December 2020</i>					
<i>Non-derivative financial liabilities</i>					
Short-term loans from financial institutions	1,314,807	1,314,807	-	-	1,314,807
Trade payables	2,877,681	2,870,886	6,795	-	2,877,681
Loans from financial institutions	2,988,625	1,607,914	1,380,711	-	2,988,625
Lease liabilities	455,995	129,801	189,775	240,729	560,305
Debentures	57,686,200	17,180,000	40,506,200	-	57,686,200
<b>Total</b>	<b>65,323,308</b>	<b>23,103,408</b>	<b>42,083,481</b>	<b>240,729</b>	<b>65,427,618</b>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Separate financial statements					
Contractual cash flows					
	Carrying amount	1 year or less	After 1 year but within 5 years (in thousand Baht)	More than 5 years	Total
<i>At 31 December 2021</i>					
<i>Non-derivative financial liabilities</i>					
Short-term loans from financial institutions	3,391,674	3,391,674	-	-	3,391,674
Trade payables	3,155,688	3,140,065	8,230	7,393	3,155,688
Loans from financial institutions	1,000,000	1,000,000	-	-	1,000,000
Lease liabilities	247,277	104,761	125,906	45,287	275,954
Debentures	48,531,200	8,567,000	39,964,200	-	48,531,200
<b>Total</b>	<b>56,325,839</b>	<b>16,203,500</b>	<b>40,098,336</b>	<b>52,680</b>	<b>56,354,516</b>
<i>At 31 December 2020</i>					
<i>Non-derivative financial liabilities</i>					
Short-term loans from financial institutions	1,075,182	1,075,182	-	-	1,075,182
Trade payables	2,453,991	2,450,714	3,277	-	2,453,991
Loans from financial institutions	2,988,625	1,607,914	1,380,711	-	2,988,625
Lease liabilities	204,368	89,945	94,551	47,981	232,477
Debentures	45,924,200	13,180,000	32,744,200	-	45,924,200
<b>Total</b>	<b>52,646,366</b>	<b>18,403,755</b>	<b>34,222,739</b>	<b>47,981</b>	<b>52,674,475</b>

### (b.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

#### (b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods, purchases of machine and equipment and loans which are denominated in foreign currencies.

	Consolidated		Separate	
<i>Exposure to foreign currency at</i>	financial statements		financial statements	
<i>31 December</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>United States Dollars</i>				
Cash and cash equivalents	3,228,154	2,338,300	8,849	9,165
Trade accounts receivable	2,364,823	1,406,539	29,578	7,723
Trade accounts payable	(184,644)	(317,304)	(184,248)	(316,891)
Other payables - machines	(42,393)	(474,528)	(993)	(1,006)
	<u>5,365,940</u>	<u>2,953,007</u>	<u>(146,814)</u>	<u>(301,009)</u>
<i>EURO</i>				
Cash and cash equivalents	3,375	7,960	9	359
Trade accounts receivable	21,737	9,977	-	-
Interest-bearing liabilities	-	(50,734)	-	(50,734)
Trade accounts payable	(20,786)	(16,858)	(20,786)	(16,858)
Other payables - machines	(193,550)	(157,717)	(184,919)	(149,298)
	<u>(189,224)</u>	<u>(207,372)</u>	<u>(205,696)</u>	<u>(216,531)</u>

# TPI Polene Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

<i>Exposure to foreign currency at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Others</i></b>				
Cash and cash equivalents	1,066	974	626	579
Trade accounts receivable	84,782	-	-	-
Trade accounts payable	(20,848)	(41,859)	(20,848)	(41,476)
Other payables - machines	-	(11,005)	-	(11,005)
	<u>65,000</u>	<u>(51,890)</u>	<u>(20,222)</u>	<u>(51,902)</u>
<b>Net exposure</b>	<u><b>5,241,716</b></u>	<u><b>2,693,745</b></u>	<u><b>(372,732)</b></u>	<u><b>(569,442)</b></u>

### (b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 17). The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates.

## 36 Capital management

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

## 37 Commitments with non-related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Agreements for construction, machine and equipment	<u>4,281,222</u>	<u>1,261,371</u>	<u>1,072,564</u>	<u>632,937</u>
<b><i>Other commitments</i></b>				
Short-term lease and services commitments	1,287	2,837	-	241
Unused letters of credit	924,895	603,636	867,766	475,728
Purchase agreement for raw material	349,148	471,332	349,148	471,332
Bank guarantees	314,543	322,410	183,294	170,901
<b>Total</b>	<u><b>1,589,873</b></u>	<u><b>1,400,215</b></u>	<u><b>1,400,208</b></u>	<u><b>1,118,202</b></u>

### **38 Contingent liabilities**

As at 31 December 2021, the Company had the major lawsuits as follows:

- 1) Due to on 20 February 2017, Tham Phra Phothisat Temple (the “Plaintiff”) filed a complaint with the Central Administrative Court (the “Court”) being the Black Case No. Sor. 3/2560, and claimed that Plaintiff is authorized by the Fine Arts Department to be the caretaker of the Phothisat cave (Tham Phra Phothisat), but did not have a written power of attorney, and alleged that the Company’s mining activity caused damage to the engraved images in Phothisat cave. Later, on 2 June 2017, the Court called the Company to be a party (as an interpleader) in the case where the Plaintiff filed a lawsuit against the Minister of the Ministry of Industry, 1<sup>st</sup> Defendant, the Director-General of Department of Primary Industries and Mines, 2<sup>nd</sup> Defendant, Department of Mineral Resources, 3<sup>rd</sup> Defendant and Saraburi Provincial Industry Office, 4<sup>th</sup> Defendant (collectively “Defendants”); claiming that the Defendants’ issuance of Prathanabat to the Company is done in contradiction to regulation of Ministry of Interior on the Conditions and Means of Prathanabat Issuance, under Section 9 of the Land Code B.E. 2497, which such regulation of Ministry of Interior was issued in B.E. 2535; thus, the Plaintiff requested that such Prathanabat issued by the Defendants to “Petrochemical Industry Company Limited” which such Prathanabat was later assigned to the Company, be revoked. Further, the Plaintiff filed a request for an emergency interim measure demanding that the Court orders the Company to stop the blasting of rocks for mining activity, until the decision of this case is reached.

On 3 August 2017, the Court, together with the parties of this case went to examine the location at Phothisat cave and found the Bas-relief art images of Buddha, Shiva god, Narai god, Hermit, etc. located at the front area of the cave; and during the examination at the location, the officer of Fine Arts Department informed that according to the evidences which are the photographed pictures of the art images which were taken in B.E. 2507, B.E. 2508, B.E. 2534, B.E. 2535, B.E. 2559 and B.E. 2560, there is no traces of any changes to the art images based on comparison with those pictures. Further, the Court, together with the parties of this case, examined the area of the Company (interpleader) which was granted with Prathanabat by witnessing the rock blasting activity of the interpleader around 15.30 o’clock, standing approximately 300-400 metres from the area of blasting activity; which at the time of blasting, it made a slightly loud sound, but no vibration was detected. Later, on 8 September 2017, Court denied the Plaintiff’s request for an emergency interim measure for the Company to comply with the order of the 4th Defendant.

The 1st Defendant submitted a written statement dated 8 May 2017 to the Court, which stated that the 1st Defendant is authorized with the power to issue Prathanabat to each applicant in accordance with the Minerals Act, B.E. 2510. The 2nd Defendant submitted a written statement dated 4 May 2017 to the Court, which stated that the 2nd Defendant was assigned with the administration power from Department of Mineral Resources according to the Reorganization of Ministry, Sub-Ministry, and Department Act, B.E. 2545 and is authorized with the duty to consider the application for Prathanabat which have been submitted to the officials at the local Industry Office, and the 2nd Defendant is authorized with the power to grant Prathanabat in accordance with Section 54 of the Minerals Act, B.E. 2510; and after Prathanabat is granted, the 2nd Defendant has the duty to control, monitor and inspect that the person whom has been granted with Prathanabat, shall comply with the Minerals Act, B.E. 2510 and the conditions set forth in the annex of Prathanabat. The 3rd Defendant submitted a written statement dated 28 March 2017 to the Court, which stated that the presently, the 3rd Defendant is not authorized by the laws related to the issuance of Prathanabat, which is due to the Royal Decree on transfer of administration duty and power of the administrative agencies issued according to the Reorganization of Ministry, Sub-Ministry, and Department Act, B.E. 2545, Section 151 which transferred the said duty, power and asset to Department of Primary Industries and Mines (2nd Defendant). The Fine Arts Department also submitted a written statement dated 5 April 2017 to the Court, which stated that the Phothisat cave is deemed as ancient monument under

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

Section 4 of Act on ancient monuments, antiques, objects of art and national museum, B.E. 2504 and the Fine Arts Department had already announced the registration of Phothisat cave as ancient monuments in the government gazette since 6 April 1965; and the Fine Arts Department authorized the director of Regional Office of the Arts Department, No.3, Ayutthaya, with the authority to file any complaint to the inquiry officer who has authority in the area, against any wrongdoer. The statement further clarified that on 14 December 2016, the Fine Arts Department had inspected the Phothisat cave and there appeared to be no traces of any damage, nor any damage to the Bas-relief art images from Dvaravati era, e.g. images of Buddha, Narai god, Shiva god or other persons; which are in good order and it was found that the conditions of the other areas within the cave are normal without traces of any damage being caused by the mining activity of the Company.

The fact-finding procedure of the case had ended and the Court had set the first trial date to be 9 September 2020 together with submission of summary of facts from the Judge who presided over this case dated 11 August 2020 and scheduled the date of rendering the Court's decision to be on 30 September 2020.

The Court ruled that the Defendants lawfully issued Prathanabat to "Petrochemical Industry Company Limited" and in accordance with the Land Code and Minerals Act, B.E. 2510, which such Prathanabat was later transferred to the Company, which were done lawfully and legitimately; the mining activity of the Company which is the blasting of rocks according to Prathanabat and using the explosives not exceeding the rate of 130 kilograms, further, the result of vibration or compression level inspection are according to the safety standard, when compared with the standard set forth by the Ministry of Natural Resources and Environment. Additional, the Fine Arts Department also stated that according to the inspection result, there is no additional damage, the Bas-relief art images are in good condition and there is no damage to the area within the cave; thus, the Court has no reason nor cause to issue the order according to the Plaintiff's request and the Court has ruled that the case is dismissed and the Court's order relating to the emergency interim measure dated 8 September 2017 shall be revoked starting from the first day of which the appeal submission period has expired (in case there is no appeal submission) or starting from the date on which the Court has ordered its decision to accept or not accept the appeal (in case there is submission of an appeal), as the case maybe.

The Plaintiff submitted the appeal to the Court on 27 October 2020 and the Court accepted the appeal of the Plaintiff. Therefore, the Court's order dated 8 September 2017 relating to the emergency interim measure ceased to be in effect. The Court allowed the date to submit the answer to the appeal to be within 21 February 2021. The interpleader submitted the answer to the appeal on 5 February 2021. The case is pending the considering of the Supreme Court.

- 2) This case is due to the Company received permit to dig the water-well, from Mittraphap Subdistrict Administration Organization and the Company dig the water-well in the Company's own land, in order to preserve the environment and to be used for prevention of fire (the Black Case No. SorWor.2/2561). Later, on 21 June 2018, the Department of Primary Industry and Mines, Ministry of Industry, by representation of the district attorney, the Office of Attorney General (the "Plaintiff"), filed a lawsuit against the Company (the "Defendant") at the Civil Court (the "Court"), claiming the violation in mining activity with the principal amount of claim of Baht 71,566,889.42. The Plaintiff claimed that the Company conducted its shale mining unlawfully in the area in which Prathanabat for such area has not been granted, totaling 2 locations; thus, requesting that the Court to order the Company to return the shale totaling of 249,159.96 metric tons back to the original area and restore the area into its previous condition or pay the compensation consisting of the value of the shale and royalty fee to the government in the amount of Baht 66,650,289.31 together with interest.

The Company plead in its defense that the Plaintiff does not have any authority to file such lawsuit according to the Enhancement and Conservation of National Environmental Quality Act B.E. 2535, the lawsuit is vague, delusive without any evidence and is already time-barred by prescription period; further, the lawsuit is a civil claim in connection with criminal offence, the Plaintiff claimed that the



**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

Company conducted unlawful mining activity, however, the claim is fault, the Company did not commit any criminal offence and did not infringe any rights of the Plaintiff, thus, the civil claim does not exist due to non-existence of infringement, the Company has not committed any wrongdoing according to the complaint and is not liable to any claim. The hearing was finished and the Court ordered the date to render the Court's decision to be on 24 March 2020.

On 24 March 2020, the Court ordered the Company to return the shale totaling 249,159.96 metric tons back to the original area and restore the area to its previous condition or pay the compensation consisting of the value of the shale and royalty fee to the government in the amount of Baht 66,650,289.31 together with interest at the rate of 7.5 percent per annum on the said amount, starting from the date of the violation (28 June 2017) until the date of the complaint filing (359 days) making the interest to be Baht 4,916,600.11. Total amount of combined principal and interest is Baht 71,566,289.31. The Court also ordered that the interest on the principal amount of Baht 66,650,289.31, in the rate of 7.5 percent per annum would be paid calculating from the next day after the date of filing of the complaint until the payment is received in full together with the court fees in behalf of the Plaintiff and attorney fee of Baht 80,000.

The Company filed the appeal together with the request for delay of judgement execution on 19 August 2020.

On 20 October 2021, the Civil Court pronounced the judgment of the Court of Appeal in which the Court of Appeal modified the judgment by charging interest at a rate of 5 percent per year pursuant to the judgment of the Court of First Instance from 11 April 2021 onwards until payment to the Plaintiff in full or by making an adjustment to decrease or increase the interest in accordance with the Royal Decree enacted under newly amended Section 7 of the Civil Procedure Code plus an increasing rate of 2 percent per year but not exceeding the rate of 7.5 percent per year as requested by the Plaintiff. Other than the amendment, the judgment of Court of Appeal shall govern.

The Company has applied for permission to lodge an appeal to the Supreme Court challenging the judgment of the Court of Appeal together with a stay of execution pending the appeal to the Supreme Court on 18 February 2022. The case is pending consideration of the Supreme Court.

The complaint of this case described that the lawsuit is a civil claim in connection with the criminal offence for the part concerning the Department of Primary Industry and Mines' filling of report to the inquiry official requesting the inquiry official to commence the criminal proceeding against the Company for unlawful mining activity without permit; and the inquiry official issued the opinion that this case shall not be prosecuted and later on, the District Attorney also concurred and issued the final order that the criminal case will not be prosecuted against the Company, thus, the criminal case is final.

- 3) On 20 June 2019, Tham Phra Phothisat Temple (the "Plaintiff") filed a lawsuit against the Ministry of Industry, as 1<sup>st</sup> defendant and other related persons as co-defendants, totaling 31 persons, in a Black Case No. Sor. 17/2562, which the Company is the 30<sup>th</sup> Defendant in the lawsuit and the Plaintiff also filed request for the Court to order an emergency interim measure, until the decision of this case is reached. Later on, the Court also ordered the Committee of Professional on Environmental Impact Assessment Report (the "Committee"), as the 32<sup>nd</sup> Defendant. The Court has considered and issued the order dated 17 September 2019, to accept the complaint against some of the respondents and denied to accept the complaint against some respondents and some claims (the Court only accept the followings as defendants: Ministry of Industry, as 1<sup>st</sup> Defendant, Minister of Ministry of Industry, as 2<sup>nd</sup> Defendant, Department of Primary Industry and Mines, as 3<sup>rd</sup> Defendant, Director-General of Department of Primary Industry and Mines, as 4<sup>th</sup> Defendant, the Company, as the 30<sup>th</sup> Defendant and the Committee, as the 32<sup>nd</sup> Defendant, respectively). The Court also issued order dated 17 September 2019 which denied the Plaintiff's request for an emergency interim measure. The Plaintiff claimed to be the authorized person from the Fine Arts Department as caretaker of the

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

Phothisat Cave, but did not have a written power of attorney, but requested to the Court to order that the application for Prathanabat of the Company is unlawful, the Plaintiff also claimed that the resolution of the 32<sup>nd</sup> Defendant which approved the Company's Environmental Impact Assessment Report for the Company's mining activity, concealed the facts, thus, unlawful. The Plaintiff requested the Court to order the revocation of the Company's application for Prathanabat of limestone mining, in which the Company has submitted for approval.

The Defendant submitted written statement of defense which informed the Court that the Plaintiff has no authority to file the complaint and this complaint repeated the complaint filed in Black Case No. Sor.3/2560, and the Company's application for Prathanabat of limestone mining is lawful and in accordance with the rules, procedures and methods as prescribed by the laws, further, the applied area for Prathanabat is not the restricted area under the laws in respect of Mineral and Forest; and there is an Environmental Impact Assessment Report which have been prepared correctly and completely in accordance with the law in relation to Enhancement and Conservation of National Environmental Quality and law related to Mineral, for application for Prathanabat which have been submitted for approval from the authority. The application for Prathanabat is pending the consideration for approval of the authority and the Company's application for Prathanabat did not cause any damage or grievance to the Plaintiff, thus, the Defendant requested the Court to dismiss the complaint.

The Company have made and submitted the additional statement of defense to the Court on 14 January 2021, the case is under the process of the Court's fact finding procedure.

- 4) On 8 July 2015, the Department of Primary Industries and Mines, Ministry of Industry by the representation of the Saraburi Office of District Attorney (the "Plaintiff") filed a civil lawsuit (the Black Case No. SorWor.4/2559) against the Company (the "Defendant") with the principle amount of claim in total of Baht 4,066,535,823. The Plaintiff later amended the complaint to increase the amount of claim to be the total of Baht 4,338,558,231.54; claiming that the Company engaged its limestone mining activity in the area outside the designated area under the Prathanabat and requested that the Company returned the limestone ore in total of 31,522,374.64 metric tons and restore the area to be in its previous condition or pay the compensation together with the 7.5 per annum interest.

The Company plead in its statement of defense that the Plaintiff does not have any authority to file such lawsuit according to the Enhancement and Conservation of National Environmental Quality Act B.E. 2535, the lawsuit is vague, delusive without any evidence and is already time-barred by prescription period; further, the lawsuit is a civil claim in connection with criminal offence relating to unlawful mining activity, however, the Company has not committed any criminal offence and did not infringe any rights of the Plaintiff, thus, the civil claim does not exist due to non-existence of infringement, the Company has not committed any wrongdoing according to the complaint and is not liable to any claim, therefore, the Company denied all claims under the complaint. Additionally, the Company also has, in reserve pursuant to the Prathanabat, several hundred million tons of limestone and the said reserves, if not used before the expiration of the Prathanabat, would not be usable after the expiration date, therefore, the Defendant does not have any cause or necessity to the engage in mining activity outside the designated area.

The case was requested to be transferred to the Environmental Law Division of the Civil Court to be jointly considered with other related cases and the Court granted the said request.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

On 13 December 2019, the Civil Court ordered the Company to return the limestone ore in total of 31,522,374.26 metric tons back to the area where the mining activity was done and to restore such area to the previous condition or pay the compensation of Baht 4,047,472,854.98 together with the 7.5 percent per annum interest on the said principle amount, calculating from the discovery date of the unlawful mining activity (24 July 2014) until the date of the filing of complaint (350 days) totaling Baht 291,085,376.56 making it Baht 4,338,558,231.54 in total. The Court also ordered the Defendant to pay 7.5 percent per annum interest on the principal of Baht 4,047,472,854.98 counting from the day after the complaint filing date until the payment is made in full.

The Company filed an appeal with the request for a delay of judgement execution on 8 May 2020.

On 17 November 2021, the Civil Court pronounced the judgment of the Court of Appeal in which the Court of Appeal modified the judgment by charging interest at a rate of 5 percent per year pursuant to the judgment of the Court of First Instance from 11 April 2021 onwards until payment to the Plaintiff in full or by making an adjustment to decrease or increase the interest in accordance with the Royal Decree enacted under newly amended Section 7 of the Civil Procedure Code plus an increasing rate of 2 percent per year but not exceeding the rate of 7.5 percent per year as requested by the Plaintiff. Other than the amendment, the judgment of Court of Appeal shall govern. There is no court cost at the appellate level.

The Company would further seek a permission for an appeal to the Supreme Court in order to object the judgement of the Court of Appeal until 17 March 2022.

The complaint of this case described that the lawsuit is a civil claim in connection with the criminal offence for the part concerning the Department of Primary Industry and Mines's filling of report to the inquiry official requesting the inquiry official to commence the criminal proceeding against the Company for unlawful mining activity without permit; and the inquiry official issued the opinion that this case shall not be prosecuted and later on, the District Attorney also concurred and issued the final order that the criminal case will not be prosecuted against the Company, thus, the criminal case is final.

- 5) On 24 March 2016, the Department of Primary Industries and Mines, Ministry of Industry by the representation of the Saraburi Office of District Attorney (the "Plaintiff") filed a civil lawsuit (the Black Case No. SorWor.6/2559) against the Company (the "Defendant") claiming that the Company engaged its limestone mining activity in the area outside the designated area under the Prathanabat. The complaint requested the Company to return the limestone ore of 2,447,906.76 metric tons and restore the area into the previous condition or pay the compensation of Baht 327,680,219.25 together with 7.5 percent per annum interest.

The Company plead in its defense that the Plaintiff does not have any authority to file such lawsuit according to the Enhancement and Conservation of National Environmental Quality Act B.E. 2535, the lawsuit is vague, delusive without any evidence and is already time-barred by prescription period; further, the lawsuit is a civil claim in connection with criminal offence relating to unlawful mining activity, however, the Company has not committed any criminal offence and did not infringe any rights of the Plaintiff, thus, the civil claim does not exist due to non-existence of infringement, the Company has not committed any wrongdoing according to the complaint and is not liable to any claim, therefore, the Company denied all claims under the complaint. Additionally, the Company also has, in reserve pursuant to the Prathanabat, several hundred million tons of limestone and the said reserves, if not used before the expiration of the Prathanabat, would not be usable after the expiration date, therefore, the Defendant does not have any cause or necessity to the engage in mining activity outside the designated area.

The case was requested to be jointly considered with other related cases and the Court granted the said request.

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

On 13 December 2019, the Civil Court ordered the Company to return the limestone ore for cement industry, in total of 2,477,906.76 metric tons back to the area where the mining activity was done and restore such area to the previous condition or pay the compensation of Baht 314,311,227.98 together with the 7.5 percent per annum interest, calculating from the discovery date of the unlawful mining activity (31 August 2015) until the date of the filing of complaint (207 days) totaling Baht 13,368,991.27 making it Baht 327,680,219.25 in total. The Court also ordered the Defendant to pay 7.5 percent per annum interest on the principal of Baht 314,311,227.98 counting from the day after the complaint filing date until the payment is made in full and ordered that the Defendant pay the court fees on the Plaintiff's behalf (court fee shall be calculated from the amount of claim ordered in favour of the Plaintiff) and to pay the attorney fee of Baht 100,000.

The Company filed an appeal with the request for a delay of judgement execution on 8 May 2020.

On 17 November 2021, the Civil Court pronounced the judgment of the Court of Appeal in which the Court of Appeal modified the judgment by charging interest at a rate of 5 percent per year pursuant to the judgment of the Court of First Instance from 11 April 2021 onwards until payment to the Plaintiff in full or by making an adjustment to decrease or increase the interest in accordance with the Royal Decree enacted under newly amended Section 7 of the Civil Procedure Code plus an increasing rate of 2 percent per year but not exceeding the rate of 7.5 percent per year as requested by the Plaintiff. Other than the amendment, the judgment of Court of Appeal shall govern. There is no court cost at the appellate level.

The Company would further seek a permission for an appeal to the Supreme Court in order to object the judgement of the Court of Appeal until 17 March 2022.

The complaint of this case described that the lawsuit is a civil claim in connection with the criminal offence for the part concerning the Department of Primary Industry and Mines' filling of report to the inquiry official requesting the inquiry official to commence the criminal proceeding against the Company for unlawful mining activity without permit; and the inquiry official issued the opinion that this case shall not be prosecuted and later on, the District Attorney also concurred and issued the final order that the criminal case will not be prosecuted against the Company, thus, the criminal case is final.

- 6) On 24 March 2016, the Department of Primary Industries and Mines, Ministry of Industry by the representation of the Saraburi Office of District Attorney (the "Plaintiff") filed a civil lawsuit (the Black Case No. SorWor.5/2559) against the Company (the "Defendant") in the civil case claiming for compensation totaling Baht 1,671,128,829.14 stating that the Company engaged its limestone mining activity unlawfully (engaged in the mining restricted area) demanding that the ore totaling 12,484,023.50 metric tons be returned and the area be restored into its previous condition or pay the compensation together with the 7.5 percent per annum interest.

The Company plead in its statement of defense that the Plaintiff does not have any authority to file such lawsuit according to the Enhancement and Conservation of National Environmental Quality Act B.E. 2535, the lawsuit is vague, delusive without any evidence and is already time-barred by prescription period; further, the lawsuit is a civil claim in connection with criminal offence relating to unlawful mining activity, however, the Company has not committed any criminal offence and did not infringe any rights of the Plaintiff, thus, the civil claim does not exist due to non-existence of infringement, the Company has not committed any wrongdoing according to the complaint and is not liable to any claim, therefore, the Company denied all claims under the complaint. Additionally, the Company also has, in reserve pursuant to the Prathanabat, several hundred million tons of limestone and the said reserves, if not used before the expiration of the Prathanabat, would not be usable after the expiration date, therefore, the Defendant does not have any cause or necessity to the engage in mining activity outside the designated area.

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

On 2 August 2019, the Court ordered the Company to return the limestone for cement industry totaling 12,484,023.50 metric tons back to the area where the mining activity was done and restore such area to the previous condition or pay the compensation of Baht 1,602,948,617.40 together with the interest of 7.5 percent per annum of such amount calculating from the date of being notified of the land survey result (31 August 2015) until the date of the filing of complaint (207 days) making the interest to be Baht 68,180,211.74, making it Baht 1,671,128,829.14 in total, together with payment of 7.5 percent per annum interest on the principle amount of Baht 1,602,948,617.40 counting from the day after the complaint filing date until the payment is made in full and ordered that the Defendant pay the court fees on the Plaintiff's behalf (court fee shall be calculated from the amount of claim ordered in favour of the Plaintiff) and to pay the attorney fee of Baht 200,000.

The Company does not agree with the decision of the Court of the First Instance and filed the appeal together with the request for a delay of judgement execution on 3 December 2019. The case is pending the consideration of the Court of Appeal and the date of hearing the Court of Appeal's judgement or order was set to be on 22 September 2020, however, the said date of hearing of judgement had been postponed, due to the case is under mediation during the appeal.

- 7) On 2 March 2017, the Department of Primary Industries and Mines, Ministry of Industry by the representation of the district attorney of the Office of the Attorney General (the "Plaintiff"), filed a complaint against the Company (the "Defendant") at the Civil Court, Environmental Law Department (the Black Case No. SorWor.1/2560) with the lawsuit amount of Baht 344,882,135.15 claiming that the Company partially engaged its mining activity in the area designated in the Prathanabat unlawfully requesting that the shale totaling 1,220,559.82 metric tons be returned to the area and the area be restored into its previous condition or to pay compensation together with the 7.5 percent per annum interest.

The Company plead in its statement of defense that the Plaintiff does not have any authority to file such lawsuit according to the Enhancement and Conservation of National Environmental Quality Act B.E. 2535, the lawsuit is vague, delusive without any evidence and is already time-barred by prescription period; further, the lawsuit is a civil claim in connection with criminal offence relating to unlawful mining activity, however, the Company has not committed any criminal offence and did not infringe any rights of the Plaintiff, thus, the civil claim does not exist due to non-existence of infringement, the Company has not committed any wrongdoing according to the complaint and is not liable to any claim, therefore, the Company denied all claims under the complaint. Additionally, the Company also has, in reserve pursuant to the Prathanabat, several hundred million tons of limestone and the said reserves, if not used before the expiration of the Prathanabat, would not be usable after the expiration date, therefore, the Defendant does not have any cause or necessity to the engage in mining activity outside the designated area.

On 13 December 2019, the Civil Court ordered the Company to return the shale for cement production industry totaling 1,220,559.82 metric tons back to the area where the mining activity was done and restore such area to the previous condition or pay the compensation consisting of the value of the shale and royalty fee to the government in the amount totaling Baht 326,499,751.86 together with 7.5 percent per annum interest calculating from the date of the violation (2 June 2016) until the date of the complaint filing (274 days) making the interest to be Baht 18,382,383.29. The total amount from combining the principal and interest, is the amount of Baht 344,882,135.15. The Court also ordered that the interest on the principal amount of Baht 326,499,751.86 in the rate of 7.5 percent per annum be paid counting from the day after the complaint filing date until the payment is made in full together with the court fees in behalf of the Plaintiff and attorney fee of Baht 200,000.

The Company filed the appeal with the request for delay of judgement execution to Court on 5 June 2020. On 24 June 2021, the Civil Court pronounced the judgment of the Court of Appeal in which the Court of Appeal modified the judgment by charging interest at a rate of 5 percent per year pursuant to the judgment of the Court of First Instance from 11 April 2021 onwards until payment

# **TPI Polene Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2021**

to the Plaintiff in full or by making an adjustment to decrease or increase the interest in accordance with the Royal Decree enacted under newly amended Section 7 of the Civil Procedure Code plus an increasing rate of 2 percent per year but not exceeding the rate of 7.5 percent per year as requested by the Plaintiff. Other than the amendment, the judgment of Court of Appeal shall govern. There is no court cost at the appellate level.

The Company has applied for permission to lodge an appeal to the Supreme Court challenging the judgment of the Court of Appeal together with a stay of execution pending the appeal to the Supreme Court on 9 November 2021. The case is pending consideration of the Supreme Court.

The complaint of this case described that the lawsuit is a civil claim in connection with the criminal offence for the part concerning the Department of Primary Industry and Mines' filling of report to the inquiry official requesting the inquiry official to commence the criminal proceeding against the Company for unlawful mining activity without permit; and the inquiry official issued the opinion that this case shall not be prosecuted and later on, the District Attorney also concurred and issued the final order that the criminal case will not be prosecuted against the Company, thus, the criminal case is final.

Incidentally, the information regarding cases 1) - 7) above are under the consideration of the court, the above cases are not final. The Company and the legal advisors hereby opines that based on the evidence and information the Company possesses, the Company did not commit any wrongful acts against the plaintiff as detailed in the complaints; the plaintiff claimed that the defendant committed wrongful action against the plaintiff, therefore, the plaintiff has the burden of proof to prove that the defendant had committed such act as the plaintiff claimed and since the plaintiff had not presented the evidences which show that in fact, the defendant had committed wrongful act against the plaintiff, the, the court could consider to dismiss the case. However, the judgment depends on the consideration and discretion of the court. As at 31 December 2021, the outcome of lawsuit is not yet final, the Company has not recorded a provision for liability of lawsuit in the financial statements.

- 8) On 16 December 2019, individuals in total of 222 people sued Energy Regulatory Commission (ERC) et al to the Central Administrative Court which a subsidiary was listed as the 5th Defendant. The Plaintiffs requested that the approval of Environmental and Health Impact Assessment (EHIA) report for the project of 150 megawatts thermal power plant, the license to operate electricity generating business and the construction approval of the subsidiary be revoked. The Plaintiffs also requested that the Court take evidence out of Court and issued an interim measure and ordering that the electricity generating system be temporarily stopped until the final decision is reached.

On 25 December 2019, the Court inquired both Parties in considering the request for interim measure and rendered its decision on 28 January 2020 denied the request for interim measure due to the lack of reason to believe that the license to operate electricity generating business of the subsidiary is unlawful.

On 31 January 2020, the Court issued an order accepting the compliant and requesting the subsidiary to file the answer. The lawyer submitted the answer to Court on 1 July 2020. The case is under the Court consideration.

On 7 December 2020, the Court sent the objection to the answer of the 5<sup>th</sup> Defendant and requested the subsidiary to submit additional answer to the Court within the prescribed period. The subsidiary submitted the additional answer to the Court on 12 March 2021, the case is under process of preparation of the additional answer.

The subsidiary's legal consultant considered the complaint and its appendixes and hereby opines that the subsidiary lawfully and transparently received the license to operate the electricity

**TPI Polene Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

generating business and the construction approval from the competent authorities, in accordance with the applicable laws and that the relevant public official have lawfully and honestly performed their duties without any conflict of interest in issuing the said license. The complaint of the Plaintiffs is untrue. As the case is in the preparation for answer, the subsidiary has causes to relieve itself of any liability generated from the complaint depending on the Central Administrative Court Decision. Moreover, the subsidiary has pressed charges against the 222 Plaintiffs to the Muak Lek police station, Saraburi, for taking the false information to charge the person in the Court. The case is under the investigation of the police.

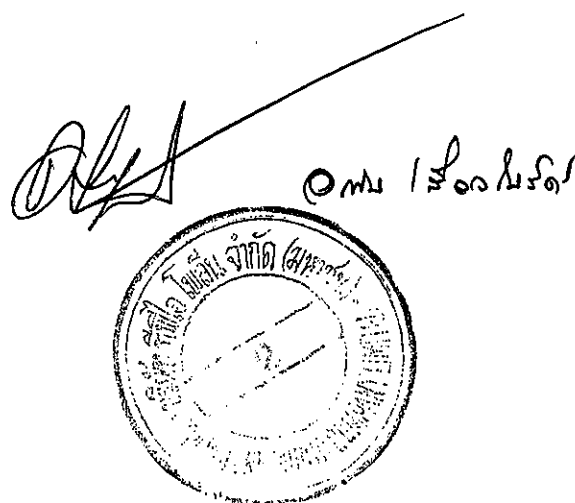
For all above lawsuit, the Group's legal consultant opines that, based on the Company's evidences and information, the Company has a chance to defend itself in the court trial depending on the consideration of each courts.

**39 Other**

The subsidiary is a power company that produces electricity by turning community municipal solid waste to energy, which is clean and green energy. The subsidiary has participated in the Thailand Voluntary Emission Reduction Program, according to Thai standards, which is a waste management project ("T-VER"), with the Thailand Greenhouse Gas Management Organization ("TGO").

At the end of year 2021, the subsidiary registered with the TGO to apply for the reduction of greenhouse gases, which subsequently TGO has certified the reduction of greenhouse gases (carbon credit) for the subsidiary's project of 82,056 tons of carbon dioxide equivalent, and after sale of 22,530 tons of carbon dioxide equivalent, the subsidiary has the balance of 59,526 tons of carbon dioxide equivalent. The subsidiary has been registering with the Administrative Organization to further certify the reduction of greenhouse gases (carbon credit) of 709,752 tons of carbon dioxide equivalent, for the period from 1 May 2017 to 31 December 2020.

In 2021, the subsidiary used approximately 2.19 million tons of all types of waste as fuel in the subsidiary's power plants and Cement Plants of TPI Polene Public Company Limited, which can reduce greenhouse gas emissions or carbon reductions by approximately 5.08 million tons of carbon dioxide equivalent. The subsidiary is currently applying to TGO for approval for the reduction of greenhouse gases (carbon credit) for these new projects:

The block contains a handwritten signature in black ink, which appears to be 'Om 130855'. Below the signature is a circular official stamp. The stamp has a double border. The outer border contains the text 'TPI POLNE PUBLIC COMPANY LIMITED' at the top and 'THAILAND' at the bottom. The inner circle contains the Thai text 'บริษัท ทีพีโพลเน จำกัด (มหาชน)' at the top and 'สำนักงานใหญ่' at the bottom. In the center of the stamp is a stylized logo consisting of a circle with a horizontal line through it.