

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022**

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying statement of financial position of Shrinkflex Thailand Public Company Limited as at June 30, 2022 and the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2022, changes in shareholders' equity and cash flows for the six-month period then ended and the condensed notes to the financial statement. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

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

CONCLUSION

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

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

Dharmniti Auditing Company Limited
Bangkok, Thailand
August 8, 2022

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"REVIEWED"

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2022

ASSETS

		Thousand Baht	
		As at June	As at December
	Note	30, 2022	31, 2021
Current assets			
Cash and cash equivalents		106,858	99,104
Trade and other current receivables	5	197,856	172,243
Inventories	6	248,082	216,957
Other current financial asset	7	1	70,589
Derivative assets	20	281	200
Other current assets		3,444	1,386
Total current assets		556,522	560,479
Non-current assets			
Property, plant and equipment	9	342,809	294,067
Right-of-use assets	10	65,324	73,426
Intangible assets	11	5,618	5,032
Deferred tax assets		4,603	4,649
Deferred molds		4,040	4,390
Non-current non-cash financial asset pledged			
as collateral	8	3,085	1,200
Other non-current assets		524	549
Total non-current assets		426,003	383,313
TOTAL ASSETS		982,525	943,792

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

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT JUNE 30, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
		As at June	As at December
	Note	30, 2022	31, 2021
Current liabilities			
Short-term loans from financial institutions	12	14,387	8,039
Trade and other current payables	4.3, 13	162,232	107,508
Derivative liabilities	20	-	47
Current portion of long-terms loans from financial institution	14	-	8,333
Current portion of lease liabilities	4.3, 15	13,065	13,562
Corporate income tax payable		-	2,877
Total current liabilities		189,684	140,366
Non-current liabilities			
Lease liabilities	4.3, 15	52,864	59,274
Non-current provisions for employee benefit		6,749	6,124
Total non-current liabilities		59,613	65,398
TOTAL LIABILITIES		249,297	205,764

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT JUNE 30, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Thousand Baht	
		As at June	As at December
	Note	30, 2022	31, 2021
Shareholders' equity			
Share capital			
Authorized share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000	220,000
Issued and paid-up share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000	220,000
Share premium on ordinary shares		378,757	378,757
Retained earnings			
Appropriated			
Legal reserve	16	19,897	19,897
Unappropriated		114,574	119,374
TOTAL SHAREHOLDERS' EQUITY		733,228	738,028
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		982,525	943,792

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022

		Thousand Baht			
		For the three-month period ended		For the six-month period ended	
		June 30,		June 30,	
	Note	2022	2021	2022	2021
Revenues					
Revenues from sale		220,758	219,731	420,700	404,556
Gain on exchange rates		2,064	3,757	3,416	7,741
Other income	4.4	337	645	666	1,186
Total revenues		223,159	224,133	424,782	413,483
Expenses					
Cost of sales	4.4	165,260	152,335	318,681	281,299
Distribution costs	4.4	9,712	8,239	18,294	15,962
Administrative expenses	4.4	18,022	15,861	35,483	31,688
Total expenses		192,994	176,435	372,458	328,949
Profit from operating activities		30,165	47,698	52,324	84,534
Finance costs	4.4	1,202	1,425	2,462	2,823
Profit before income tax expense		28,963	46,273	49,862	81,711
Tax expense	18	5,797	9,096	10,002	16,111
Profit for the period		23,166	37,177	39,860	65,600
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		23,166	37,177	39,860	65,600
Earnings per share (Baht)					
Basic earnings per share	19	0.05	0.08	0.09	0.15

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

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

		Thousand Baht				
	Note	Issued and	Share premium	Retained earnings		Total
		paid-up shares	on ordinary	Appropriated	Unappropriated	shareholders'
		capital	shares	Legal reserve		equity
Beginning balance as at January 1, 2021		220,000	378,757	12,663	46,326	657,746
Legal reserve		-	-	1,647	(1,647)	-
Dividend paid		-	-	-	(31,284)	(31,284)
Total comprehensive income for the period						
Profit for the period		-	-	-	65,600	65,600
Ending balance as at June 30, 2021		220,000	378,757	14,310	78,995	692,062
Beginning balance as at January 1, 2022		220,000	378,757	19,897	119,374	738,028
Dividend paid	16	-	-	-	(44,660)	(44,660)
Total comprehensive income for the period						
Profit for the period		-	-	-	39,860	39,860
Ending balance as at June 30, 2022		220,000	378,757	19,897	114,574	733,228

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

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Thousand Baht	
	2022	2021
Cash flows from operating activities		
Profit for the period	39,860	65,600
Reconciliations of profit for the period to cash provided by (used in) operating activities:		
Depreciation and amortization	27,043	23,552
Bad debt and expected credit losses (reversal)	992	(123)
Loss on declining in value of inventories (reversal)	(2,270)	(639)
(Gain) loss on disposal of equipment	-	(66)
Unrealized (gain) loss on exchange rate	569	(5,477)
Employee benefit expense	625	470
Interest income	(233)	(647)
Interest expense	2,058	2,256
Tax expense	10,002	16,111
Profit provided by operating activities before changes in operating assets and liabilities	78,646	101,037
(Increase) decrease in operating assets		
Trade and other current receivables	(25,193)	(26,720)
Inventories	(28,855)	(42,742)
Other current assets	(794)	219
Deferred molds	350	(476)
Other non-current assets	(2)	(92)
Increase (decrease) in operating liabilities		
Trade and other current payables	36,866	17,892
Cash received from operations	61,018	49,118
Income tax paid	(14,072)	(12,148)
Net cash provided by operating activities	46,946	36,970

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

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Thousand Baht	
	2022	2021
Cash flows from investing activities		
(Increase) decrease in restricted deposit with financial institution	-	(4)
Cash receipts from withdrawn other current financial assets	70,588	80,000
Cash payments for purchase of property, plant and equipment	(51,160)	(60,403)
Cash receipts from disposal of equipment	-	122
Cash payments for purchase of intangible asset	(1,015)	(338)
Increase in non-current non-cash financial asset pledged as collateral	(1,885)	-
Interest income received	267	415
Net cash provided by investing activities	16,795	19,792
Cash flows from financing activities		
Increase (decrease) in short-term loan from financial institutions	5,940	(3,133)
Cash payments for long-term loans from financial institution	(8,333)	(1,667)
Cash payments for repayment of lease liabilities	(6,907)	(6,750)
Dividend paid	(44,640)	(31,282)
Interest expense paid	(2,047)	(2,261)
Net cash used in financing activities	(55,987)	(45,093)
Net increase (decrease) in cash and cash equivalents	7,754	11,669
Cash and cash equivalents - beginning of period	99,104	110,738
Cash and cash equivalents - ending of period	106,858	122,407

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Thousand Baht	
	2022	2021
Supplement disclosure for cash flows information:		
1. Reconciliation of cash paid for purchase of property, plant and equipment		
Purchase of property, plant and equipment for the period	(67,254)	(50,409)
(Increase) decrease in advance payments for purchase of assets	(1,445)	(13,710)
Increase (decrease) in payable from acquisition of assets	17,539	3,716
Cash payments for purchase of property, plant and equipment	<u>(51,160)</u>	<u>(60,403)</u>
2. During the period the Company acquired fixed assets by means of Lease liabilities	<u>-</u>	<u>5,750</u>
3. Reconciliation of dividend paid		
Dividend for the period	(44,660)	(31,284)
Increase (decrease) in accrued dividend	20	2
Dividend paid	<u>(44,640)</u>	<u>(31,282)</u>

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
JUNE 30, 2022

1. GENERAL INFORMATION

1.1 Legal status and address of the Company

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

The address of its registered office is as follows:

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

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

1.2 Nature of the Company's operations

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

1.3 Major shareholders

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

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2021.

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

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

2.2 Financial reporting standards that became effective in the current period

During the period, the Company have adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2021.

4. RELATED PARTIES

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

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

Related parties	Relationship
<u>Related companies</u>	
Manee Udomsuk Company Limited	Common shareholders and the Company's shareholder are director
Sri Rung Ruang Plastic Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
TPF Construction & Warehouse Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
Manee Mongkol Import-Export Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
A.T.M Trading Company Limited	Persons close to the group of shareholders and directors be shareholders and directors

Related parties	Relationship
<u>Related persons</u>	
Director and key management personnel	Persons having authority and responsibility for management
Other related person	Persons close to shareholders and directors

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

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

4.3 Balances with related parties as at June 30, 2022 and December 31, 2021 were as follows:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
<u>Liabilities</u>		
Trade and other current payables		
Related companies	709	1,367
Related person	534	520
Lease liabilities		
Related companies	64,186	69,889

4.4 Significant transactions with related parties for the three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	Thousand Baht			
	For the three-month period		For the six-month period	
	ended June 30		ended June 30	
	2022	2021	2022	2021
Related companies				
Other income	-	-	-	36
Purchases of goods	9	8	13	12
Other expense	-	894	2,058	1,083
Interest expense	881	946	1,906	1,866
Related person				
Commission expense	808	776	1,578	1,531
Key management personnel				
Compensation to director and key management personnel				
Short-term benefit	4,576	4,520	9,241	8,814
Post-employment benefits	103	64	207	128
	<u>4,679</u>	<u>4,584</u>	<u>9,448</u>	<u>8,942</u>

4.5 Significant agreements with related parties

Land and building lease agreement

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

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

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

Later, on September 1, 2021 the Company cancelled the lease agreement with TPF Construction and Warehouse Company Limited for 3 agreements and entered into a new lease agreement 1 agreement with a term of 3 years from September 1, 2021 to August 31, 2024. It can renew the agreement upon the expiry of the agreement for a further 3 years, whereby both parties will agree on term and condition as agreed in the agreement.

5. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Trade receivables	161,408	136,979
Other current receivables	36,448	35,264
Total	197,856	172,243

Trade receivables consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Trade receivables	161,212	135,524
Post date cheque	3,368	3,635
Total	164,580	139,159
<u>Less</u> Allowance for expected credit losses	(3,172)	(2,180)
Net	161,408	136,979

Trade receivables classified by ages of accounts consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Within credit term	106,455	130,924
Overdue:		
Less than 3 months	50,761	1,804
3 - 6 months	859	1,022
6 - 12 months	984	-
Over 12 months	2,153	1,774
Total	161,212	135,524

Other current receivables consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Prepaid expense	1,920	2,044
Deposit	33,443	32,839
Others	1,085	381
Total	36,448	35,264

6. INVENTORIES

Inventories consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Finished goods	46,835	50,528
Work in process	12,674	8,568
Raw materials	171,046	148,760
Supplies	2,020	1,074
Goods in transit	25,562	20,352
Total	258,137	229,282
<u>Less</u> Allowance for declining in value of inventories	(10,055)	(12,325)
Net	248,082	216,957

7. OTHER CURRENT FINANCIAL ASSET

Other current financial asset consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Fixed deposit maturity of over three months	1	70,589
Total	1	70,589

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

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

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Investments in debt security:		
Government bond for debt restructuring 2010, No.1 with 6 years, interest at the rate of 3.625% per annum and maturity date on June 16, 2023	1,200	1,200
Government bond for debt management 2021, No.11 with 5 years, interest at the rate of 1.00% per annum and maturity date on June 17, 2027	1,885	-
Total	3,085	1,200

As at June 30, 2022 and December 31, 2021, the Company has used such bonds as collateral in the electricity usage agreement with the Provincial Electricity Authority (Note 21.6).

9. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the six-month period ended June 30, 2022 were summarized as follows:

	Thousand Baht
At cost	
Balance as at December 31, 2021	524,021
Acquisitions during the period	67,254
Disposals and write-off during the period	-
Transfer during the period	3,042
Balance as at June 30, 2022	594,317
Accumulated depreciation	
Balance as at December 31, 2021	(229,954)
Depreciation for the period	(19,300)
Accumulated depreciation on disposals and write-off	-
Transfer during the period	(2,254)
Balance as at June 30, 2022	(251,508)
Net book value	
Balance as at December 31, 2021	294,067
Balance as at June 30, 2022	342,809

As at June 30, 2022 and December 31, 2021, the Company had assets which were fully depreciated but they are still in use with gross carrying amount of Baht 119.65 million and Baht 100.36 million, respectively.

As at June 30, 2022 and December 31, 2021, land and building and machine with its cost of Baht 294.31 million and Baht 227.81 million, respectively, were pledged to as collateral for credit facilities from a financial institutions (Note 12 and 14).

As at June 30, 2022 and December 31, 2021, the Company entered into asset insurance for machine. The partial beneficiary according to the obligations of these insured assets is the financial institution to secure for the loan.

10. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets related to lease contracts and the movement for the six-month period ended June 30, 2022 are presented below:

	Thousand Baht			
	Land and building	Vehicle	Office equipment	Total
At cost				
Balance as at December 31, 2021	88,754	12,951	410	102,115
Addition during the period	-	-	-	-
Write-off during the period	-	-	-	-
Transfer during the period	-	(3,042)	-	(3,042)
Balance as at June 30, 2022	88,754	9,909	410	99,073
Accumulated depreciation				
Balance as at December 31, 2021	(21,636)	(6,969)	(84)	(28,689)
Depreciation for the period	(6,253)	(1,021)	(40)	(7,314)
Depreciation - write-off	-	-	-	-
Transfer during the period	-	2,254	-	2,254
Balance as at June 30, 2022	(27,889)	(5,736)	(124)	(33,749)
Net book value				
Balance as at December 31, 2021	67,118	5,982	326	73,426
Balance as at June 30, 2022	60,865	4,173	286	65,324

11. INTANGIBLE ASSETS

Movements of the intangible assets for the six-month period ended June 30, 2022 were summarized as follows:

	<u>Thousand Baht</u>
At cost	
Balance as at December 31, 2021	8,286
Acquisitions during the period	1,015
Disposals and write-off during the period	-
Balance as at June 30, 2022	<u>9,301</u>
Accumulated amortization	
Balance as at December 31, 2021	(3,254)
Amortization for the period	(429)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2022	<u>(3,683)</u>
Net book value	
Balance as at December 31, 2021	<u>5,032</u>
Balance as at June 30, 2022	<u><u>5,618</u></u>

As at June 30, 2022 and at December 31, 2021, the Company had intangible assets which were fully depreciated but they are still in use with gross carrying amount of Baht 0.02 million and Baht 0.02 million, respectively.

12. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions consisted of:

	<u>Thousand Baht</u>	
	As at June 30, 2022	As at December 31, 2021
Trust receipts	<u>14,387</u>	<u>8,039</u>
Total	<u><u>14,387</u></u>	<u><u>8,039</u></u>

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

Types of credit limit	Interest rate (% per annum)	Million Baht	
		As at June 30, 2022	As at December 31, 2021
(1) Bank overdrafts	MOR, MOR - 0.275	17.00	17.00
(2) Letter of credit/trust receipt	Libor + 2.50, MLR - 0.75	324.00	204.00
(3) Promissory note	MLR - 0.75	30.00	30.00
(4) Forward foreign exchange contracts	-	291.00	171.00
(5) Long-term loan (Note 14)	2.00	-	20.00
Total		662.00	442.00

The credit facilities are guaranteed by the mortgage of land and building and machine under ownership of company (Note 9).

13. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Trade account payables	109,015	64,945
Other current payables	53,217	42,563
Total	162,232	107,508

Other current payables consisted of:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Accrued expenses	16,099	26,220
Unearned income	1,060	639
Payable from acquisition of assets	26,948	9,409
Account payable - Revenue Department	1,247	1,766
Others	7,863	4,529
Total	53,217	42,563

14. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

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

	Thousand Baht	
	As at June 30, 2022 (For the six- month period)	As at December 31, 2021 (For the year)
Balance at beginning of the period	8,333	20,000
Additional loans during the period	-	-
Repayment during the period	(8,333)	(11,667)
Balance at end of the period	-	8,333
<u>Less</u> current portion	-	(8,333)
Long-term loans from financial institutions, net	-	-

Balance details of long-term loan from financial institutions as at June 30, 2022 and December 31, 2021 were as follow:

No.	Year	Credit limit (Million Baht)		Withdrawn (Million Baht)		Interest rate (% per annum)	Monthly repayment schedule of principal and interest	Outstanding principal (Thousand Baht)	
		2022	2021	2022	2021			As at June 30, 2022	As at December 31, 2021
1	2020	-	20.00	-	20.00	2	12 equal installments (or approximately Baht 1,666,666.67) starting the first period at the end of 13 months from the loan withdrawn and within 24 months.	-	8,333
Total		-	20.00	-	20.00			-	8,333

The Company has credit facilities of long-term loan with a local commercial bank. The loans are guaranteed by the mortgage of machine under ownership of company (Note 9). As of June 30, 2022, the Company has fully repaid the loan in accordance with the agreement and is in the process of withdrawal such guarantee.

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

1. Maintain the proportion of interest-bearing debt to profit before interest, tax, depreciation and amortization (Interest Bearing Debt to EBITDA) of not more than 2.5 times.

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

15. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the six-month period ended June 30, 2022 are presented below:

	<u>Thousand Baht</u>
As at December 31, 2021	72,836
Addition	-
Accretion of interest	1,976
Accretion of purchase vat	73
Payments	(8,956)
Decrease from contract cancellation	-
As at June 30, 2022	65,929
<u>Less: current portion</u>	<u>(13,065)</u>
Lease liabilities - net of current portion	<u>52,864</u>

Amounts recognized in the statement of comprehensive income for the six-month period ended June 30, 2022 are comprise;

	<u>Thousand Baht</u>
Depreciation - right-of-use assets	7,314
Interest expenses	1,976
Expense relating to short-term leases	690
Total	<u>9,980</u>

The Company had total cash outflows for leases of Baht 9.65 million

16. APPROPRIATION OF RETAINED EARNING

Legal reserve

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

Dividend

According to the Annual General Meeting of shareholders for the year 2022, held on April 22, 2022, shareholders had resolution to approve the payment of dividends from the operating results for the year 2021 to the Company’s shareholders at the rate of Baht 0.1015 per share in the amount not exceeding of Baht 44,660,000 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of March 14, 2022, to be entitled to receive dividend. The Company will pay dividends to shareholders on May 17, 2022 and approved the appropriation of profit as a legal reserve in the amount of Baht 5,587,265.72 as the Company has already appropriated as a legal reserve in 2021.

17. OPERATING SEGMENT

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

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

Information about geographical areas

The Company’s revenue from sales separated by geographical area for the three-month and six-month periods ended June 30, 2022 and 2021, were summarized as follows:

	Thousand Baht			
	For the three-month period ended		For the six-month period ended	
	June 30		June 30	
	2022	2021	2022	2021
Domestic	220,734	219,693	420,632	404,256
Export	24	38	68	300
Total	220,758	219,731	420,700	404,556

18. TAX EXPENSE

Major components of tax expense for the three-month and six-month periods ended June 30, 2022 and 2021 consisted of:

	Thousand Baht			
	For the three-month period ended		For the six-month period ended	
	June 30		June 30	
	2022	2021	2022	2021
Income tax expense shown in profit or loss:				
Current tax expense:				
Income tax expense for the period	5,840	8,814	9,956	15,026
Deferred tax expense (tax income):				
Changes in temporary differences relating to				
the original recognition and reversal	(43)	282	46	1,085
Total	5,797	9,096	10,002	16,111

Tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rate of the Company in respect of continuing operations six-month periods ended June 30, 2022 were 20.06% (June 30, 2021 : 19.72%). These changes in effective tax rate were caused by the different treatment for accounting and taxation purposes of certain items of expense and the carry forward of unused tax losses in the financial statements.

19. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares which are issued and paid-up during the period.

For the three-months and six-months periods ended June 30, 2022 and 2021.

		For the three-month period ended		For the six-month period ended	
		June 30		June 30	
		2022	2021	2022	2021
Profit for the period	(Thousand Baht)	23,166	37,177	39,860	65,600
Weighted average number of					
ordinary shares	(Thousand shares)	440,000	440,000	440,000	440,000
Basic earnings per share	(Baht per share)	0.05	0.08	0.09	0.15

20. FINANCIAL INSTRUMENTS

As at June 30, 2022, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

Asset	Carrying amount	Fair Value (Thousand Baht)			
		Level 1	Level 2	Level 3	Total
Forward foreign exchange contracts	-	-	281	-	281

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

Asset	Carrying amount	Fair Value (Thousand Baht)			
		Level 1	Level 2	Level 3	Total
Forward foreign exchange contracts	-	-	200	-	200
Liability					
Forward foreign exchange contracts	-	-	47	-	47

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

21. COMMITMENTS AND CONTINGENT LIABILITIES

21.1 Commitments relating to service agreements commitments

As at June 30, 2022 and December 31, 2021, the Company had commitments on service agreements were as follows:

	Thousand Baht	
	As at June 30, 2022	As at December 31, 2021
Not later than one year	1,597	1,194
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	1,597	1,194

21.2 Commitments relating to forward foreign exchange contracts

As at June 30, 2022, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 0.25 million (equal to Baht 8.44 million) with maturity date within August 2022.

As at December 31, 2021, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 1.38 million (equal to Baht 45.92 million) with maturity date within March 2022.

21.3 Commitments relating to outstanding letters of credit

As at June 30, 2022 and December 31, 2021, the Company had commitments for the outstanding letters of credit amounting equivalent to U.S. Dollars 2.89 million (equal to Baht 102.57 million) and U.S. Dollars 1.70 million (equal to Baht 57.08 million), respectively.

21.4 Commitment relating to purchase of raw material agreements

As at June 30, 2022 and December 31, 2021, The Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and per conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 4 and 6 months. The Company has an outstanding commitment under the agreement amounted U.S. Dollars 0.62 million (equal to Baht 21.90 million) and U.S. Dollars 0.76 million (equal to Baht 25.42 million), respectively.

21.5 Commitment on capital expenditure

21.5.1 As at June 30, 2022 and December 31, 2021, the Company has commitment to pay under machine purchase contract totaled Baht 67.57 million and Baht 36.10 million, respectively. The Company has an outstanding commitment under the agreement amounted Baht 42.39 million and Baht 19.30 million, respectively.

21.5.2 As at June 30, 2022 and December 31, 2021, the Company has commitment to pay under contract for the construction of a new factory totaled Baht 174.05 million and Baht 166.50 million, respectively. The Company has an outstanding commitment under the agreement amounted Baht 95.07 million and Baht 139.95 million, respectively.

21.6 Contingent liabilities relating to electricity usage agreement

As at June 30, 2022 and December 31, 2021, the Company had contingent liabilities in respect of electricity usage agreements with the Provincial Electricity Authority in the amount of Baht 3.40 million and Baht 1.40 million, respectively.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company’s board of directors on August 8, 2022.