

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Shrinkflex Thailand Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Shrinkflex Thailand Public Company Limited as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

- Revenue recognition from sales

The Company has revenues from sales of shrink film label work piece including mold used for producing tight-fitting shrink film labels for the year ended December 31, 2021 in the amount of Baht 793.56 million and it has contract with many customers with different conditions related to the work piece and mold such as the setting of transaction price and mold warranty, etc. Furthermore, the control transfer point of the mold depends on the acceptance of the testing result of the work piece production and delivery which caused the risk in valuation and revenue recognition period. Therefore, I have identified the revenue recognition from sales as significant risk that requires special attention in the audit. The Company has disclosed the accounting policy on revenue recognition from sales in Note 3.1 in the notes to the financial statements.

Regarding my audit method on such matter, I obtained an understanding of the internal control system of the revenue cycle and related accounting transactions, tested the design and efficiency of internal controls in respect of revenue recognition and related accounting transactions particularly on the control of valuation and period of sales revenue recognition. In addition, I conducted sampling of sales transactions to test of details against the contracts or related documents, verify the accuracy of revenue recognition in accordance with the terms and conditions of the agreement entered with the customer and consistency with the accounting policy, including sales revenue cut-off audit before and after the period end and comparative analysis. Furthermore, I have considered the appropriateness and adequacy of the information disclosure in the financial statements and notes to the financial statements.

- Allowance for the decline in value of inventory

The Company has inventory in the statement of financial position as at December 31, 2021 in the amount of Baht 208.93 million or 22.14 percent of total assets of the company. Inventory includes obsoleted or deteriorated inventory such as finished work piece and work in process in excess of purchase order and maybe cannot be sold if no repetitive orders from customers, raw materials and supplies that are obsolete and expired cannot be further used in the production which presently the value may have declined. The accounting policy for inventory and details for inventory are disclosed in Notes 3.5 and 8, respectively. Inventory is stated at cost or net realizable value, whichever is lower. The management has exercised considerable judgment in considering the allowance for decline in value of finished or obsoleted goods by providing the allowance for decline in value of goods from the percentage of the book value of slow-moving or obsoleted goods at each stage of inventory and analysed individual obsoleted or deteriorated inventory in support. Therefore, I have identified that the valuation of inventory is a significant risk that requires special attention in the audit.

Regarding my audit method on such matter, I tested the internal control related to inventory cost calculation, observed the inventory count, inspected the inventory aging analysis report, inquired the management and considered the reasonableness of the assumptions and method used by the management in defining the net realizable value by auditing supporting evidence which represents the management's best estimate especially in setting the percentage used in calculating the allowance for decline in value of inventory at various stages and tested the calculation of the allowance for decline in value of inventory. Furthermore, I paid attention to the adequacy of the information disclosure of the accounting policy and the amount related to the recognition of the allowance for decline in value of inventory.

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 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 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 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 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 in order for those charged with governance to correct the misstatement.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with 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 we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Thanawut Piboonsawat.

(Mr. Thanawut Piboonsawat)

Certified Public Accountant

Registration No. 6699

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 25, 2022

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT DECEMBER 31, 2021**

	Note	Baht	
		2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	6	99,103,848.96	110,738,250.10
Trade and other current receivables	7	172,242,997.77	149,478,767.12
Inventories	8	216,957,493.50	115,779,336.82
Other current financial asset	9	70,589,050.00	150,000,000.00
Derivative assets	29	199,701.57	-
Other current assets		1,385,359.81	496,396.92
Total current assets		560,478,451.61	526,492,750.96
Non-current assets			
Restricted deposits with financial institution	10	-	3,025,253.99
Property, plant and equipment	12	294,067,330.28	223,433,729.87
Right-of-use assets	13	73,426,344.95	72,770,615.44
Intangible assets	14	5,032,409.69	4,870,360.16
Deferred tax assets	15	4,649,077.52	4,404,741.88
Deferred molds	16	4,389,592.48	6,218,191.26
Non-current non-cash financial asset pledged as collateral	11	1,200,000.00	1,200,000.00
Other non-current assets		548,430.57	466,849.94
Total non-current assets		383,313,185.49	316,389,742.54
TOTAL ASSETS		943,791,637.10	842,882,493.50

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED**STATEMENTS OF FINANCIAL POSITION (CONT.)****AS AT DECEMBER 31, 2021****LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht	
		2021	2020
Current liabilities			
Short-term loans from financial institutions	17	8,039,117.57	3,146,372.01
Trade and other current payables	5.3, 18	107,507,882.26	82,908,679.23
Derivative liabilities	29	46,500.12	3,500,454.59
Current portion of long-terms loans from financial institution	19	8,333,333.31	11,666,666.69
Current portion of lease liabilities	5.3, 20	13,561,960.23	11,692,720.27
Corporate income tax payable		2,876,505.90	1,638,096.74
Total current liabilities		140,365,299.39	114,552,989.53
Non-current liabilities			
Long-term loans from financial institutions	19	-	8,333,333.31
Lease liabilities	5.3, 20	59,274,305.65	57,291,192.33
Non-current provisions for employee benefit	21	6,124,119.65	4,958,905.35
Total non-current liabilities		65,398,425.30	70,583,430.99
TOTAL LIABILITIES		205,763,724.69	185,136,420.52

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED**STATEMENTS OF FINANCIAL POSITION (CONT.)****AS AT DECEMBER 31, 2021****LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Note	Baht	
		2021	2020
Shareholders' equity			
Share capital			
Authorized share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000,000.00	220,000,000.00
Issued and paid-up share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000,000.00	220,000,000.00
Share premium on ordinary shares		378,757,394.56	378,757,394.56
Retained earnings			
Appropriated			
Legal reserve	23	19,896,952.93	12,663,160.89
Unappropriated		119,373,564.92	46,325,517.53
TOTAL SHAREHOLDERS' EQUITY		738,027,912.41	657,746,072.98
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		943,791,637.10	842,882,493.50

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Baht	
		2021	2020
Revenues			
Revenues from sale		793,556,659.01	677,248,033.32
Gain on exchange rates		14,773,784.84	-
Other income	5.4	3,159,633.92	928,343.94
Total revenues		<u>811,490,077.77</u>	<u>678,176,377.26</u>
Expenses			
Cost of sales	5.4	568,104,630.17	479,389,286.13
Distribution costs	5.4	31,878,340.03	27,532,828.41
Administrative expenses	5.4	66,057,174.72	59,920,793.70
Loss on exchange rates		-	1,053,527.62
Total expenses		<u>666,040,144.92</u>	<u>567,896,435.86</u>
Profit from operationg activities		145,449,932.85	110,279,941.40
Finance costs	5.4	5,748,359.92	12,551,407.09
Profit before income tax expense		139,701,572.93	97,728,534.31
Tax expense	27	27,956,258.48	19,552,150.13
Profit for the year		<u>111,745,314.45</u>	<u>78,176,384.18</u>
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss :			
Gain (loss) on re-measurements of defined benefit plans	21	(224,343.78)	-
Income tax relating to components of other comprehensive income that will not be reclassified	27	44,868.76	-
Other comprehensive income (expense) for the year, net of tax		<u>(179,475.02)</u>	<u>-</u>
Total comprehensive income for the year		<u><u>111,565,839.43</u></u>	<u><u>78,176,384.18</u></u>
Earnings per share (Baht)	28		
Basic earnings per share		<u>0.25</u>	<u>0.27</u>

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Baht				
		Issued and paid-up shares capital	Share premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Beginning balance as at January 1, 2020		100,000,000.00	-	4,926,315.78	122,885,978.46	227,812,294.24
Increase in share capital	22	120,000,000.00	396,000,000.00	-	-	516,000,000.00
Attributable expenses of public offering the initial						
- net of tax	22	-	(17,242,605.44)	-	-	(17,242,605.44)
Legal reserve	23	-	-	7,736,845.11	(7,736,845.11)	-
Dividend paid	23	-	-	-	(147,000,000.00)	(147,000,000.00)
Total comprehensive income for the year						
Profit for the year		-	-	-	78,176,384.18	78,176,384.18
Ending balance as at December 31, 2020		220,000,000.00	378,757,394.56	12,663,160.89	46,325,517.53	657,746,072.98
Legal reserve	23	-	-	7,233,792.04	(7,233,792.04)	-
Dividend paid	23	-	-	-	(31,284,000.00)	(31,284,000.00)
Total comprehensive income for the year						
Profit for the year		-	-	-	111,745,314.45	111,745,314.45
Other comprehensive income (expense) for the year,						
net of tax		-	-	-	(179,475.02)	(179,475.02)
Ending balance as at December 31, 2021		220,000,000.00	378,757,394.56	19,896,952.93	119,373,564.92	738,027,912.41

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht	
	2021	2020
Cash flows from operating activities		
Profit for the year	111,745,314.45	78,176,384.18
Reconciliations of profit for the year to cash provided by		
(used in) operating activities:		
Depreciation and amortization	50,911,437.84	45,056,040.99
Bad debt and expected credit losses	90,206.68	308,005.01
Loss on declining in value of inventories (reversal)	2,381,193.85	(2,120,798.15)
(Gain) loss on disposal of equipment	(620,733.53)	10,721.60
Unrealized (gain) loss on exchange rate	(3,746,325.19)	3,616,986.40
Employee benefit expense	940,870.52	905,608.51
Interest income	(1,093,027.01)	(248,800.95)
Interest expense	4,527,424.18	10,083,566.12
Tax expense	27,956,258.48	19,552,150.13
Profit provided by operating activities before		
changes in operating assets and liabilities	193,092,620.27	155,339,863.84
(Increase) decrease in operating assets		
Trade and other current receivables	(2,716,541.65)	(39,440,825.67)
Inventories	(103,559,350.53)	10,500,722.28
Other current assets	(888,962.89)	(70,307.69)
Deferred molds	1,828,598.78	3,243,690.44
Other non-current assets	(230,000.00)	(202,000.00)
Increase (decrease) in operating liabilities		
Trade and other current payables	15,761,466.94	9,255,620.82
Cash received from operations	103,287,830.92	138,626,764.02
Income tax received	71,075.70	-
Income tax paid	(26,839,972.53)	(14,778,357.63)
Net cash provided by operating activities	76,518,934.09	123,848,406.39

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht	
	2021	2020
Cash flows from investing activities		
(Increase) decrease in restricted deposit with financial institution	3,025,253.99	(17,767.82)
Cash payments for purchase of other current financial assets	-	(150,000,000.00)
Cash receipts from withdrawn other current financial assets	79,410,950.00	-
Cash payments for purchase of property, plant and equipment	(115,910,327.44)	(109,841,753.11)
Cash receipts from disposal of equipment	1,189,338.41	7,850.00
Cash payments for purchase of intangible asset	(917,347.00)	(617,330.00)
Interest income received	1,193,204.23	120,728.20
Net cash used in investing activities	(32,008,927.81)	(260,348,272.73)
Cash flows from financing activities		
Increase (decrease) in short-term loan from financial institutions	4,906,766.00	(38,099,269.72)
Cash receipts from long-term loans from financial institution	-	82,400,000.00
Cash payments for long-term loans from financial institution	(11,666,666.69)	(128,526,000.00)
Cash payments for repayment of lease liabilities	(13,561,339.81)	(12,331,456.92)
Cash receipts from increase in share capital	-	516,000,000.00
Cash payments on directly attributable expenses of public offering the initial	-	(19,753,256.80)
Dividend paid	(31,282,509.04)	(147,000,000.00)
Interest expense paid	(4,540,657.88)	(10,351,716.15)
Net cash provided by (used in) financing activities	(56,144,407.42)	242,338,300.41
Net increase (decrease) in cash and cash equivalents	(11,634,401.14)	105,838,434.07
Cash and cash equivalents - beginning of year	110,738,250.10	4,899,816.03
Cash and cash equivalents - ending of year	99,103,848.96	110,738,250.10

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

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht	
	2021	2020
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 year	(104,600,382.08)	(94,805,108.30)
(Increase) decrease in advance payments for purchase of assets	(20,238,072.90)	(11,174,898.58)
Increase (decrease) in payable from acquisition of assets	8,928,127.54	(3,861,746.23)
Cash payments for purchase of property, plant and equipment	(115,910,327.44)	(109,841,753.11)
2. During the year the Company acquired fixed assets by means of Lease liabilities	17,413,693.09	1,886,705.51
3. Reconciliation of dividend paid		
Dividend for the year	(31,284,000.00)	(147,000,000.00)
Increase (decrease) in accrued dividend	1,490.96	-
Dividend paid	(31,282,509.04)	(147,000,000.00)

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

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

1. GENERAL INFORMATION

1.1 Legal status and address of the Company

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

The address of its registered office is as follows:

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

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

1.2 Nature of the Company's operations

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

1.3 Major shareholders

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

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E. 2543.

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

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

2.2 Financial reporting standards that became effective in the current year

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

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

2.3 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued several revised financial reporting standards and has been published in the Government Gazette, which are effective for fiscal years beginning on or after 1 January 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 for some financial reporting standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company has assessed that these revised standards will not have any significant impact on the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue and expenses recognition

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

Interest income is recognized over the period of time in consideration of the effective rate.

Other income and expenses are recognized on the accrual basis.

3.2 Financial instruments

Classification and valuation of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition is driven by the Company business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Equity instruments can be classified and cannot be changed by two types of measurement which are measuring fair value through profit or loss or measuring fair value through other comprehensive income that without recycling to profit or loss.

The initial recognition of financial assets that are not measured at fair value through profit or loss with fair value plus or deduct transaction cost directly related to the acquisition or issuance. Financial assets that are measured at fair value through profit or loss, transaction costs are recognized as expense in profit or loss.

Subsequent measurement of debt instruments by 3 methods depend on the classification of debt instruments.

- Financial assets measured at amortized cost when financial assets are held to receive cash flow under the agreement and condition of the agreement of the financial assets that generate cash flow to pay the principal and interest from the principal balance on the specified date only. Such financial assets have to be calculated using the effective rate and are subject to impairment assessment. Profit or loss arising from derecognized, modified or impaired will be recognized in profit or loss.
- Financial assets measured at fair value through other comprehensive income when financial assets are held to receive cash flow under the agreement and to sell financial assets and the agreement condition of financial assets generating cash flow that only pays the principal and interest from the principal balance on the specified date. The change of value of financial assets is recognized through other comprehensive income except loss on impairment and interest income and gain and loss on exchange rate are recognized as profit or loss upon recognized of financial assets. Earning or deficit previously recognized in other comprehensive income has to be reclassified into profit or loss. Such financial asset has to be calculated using the effective interest rate same as financial assets measured at amortized cost.
- Financial assets measured at fair value through profit or loss when financial assets that do not meet the criteria for amortized cost or financial assets measured at fair value through other comprehensive income will be presented in the statement of financial position at fair value by recognizing the net change of fair value in profit or loss.

Subsequent valuation of equity instruments must present equity instruments using the fair value and record profit/loss from change in fair value through profit or loss or other comprehensive income depending on equity instruments classification.

Classification and valuation of financial liabilities

The Company are recognized initially of financial liabilities at fair value net of transaction costs and classified as financial liabilities as financial liabilities subsequently measured at amortized cost using the effective rate. The amortized cost is calculated taking into account fees or costs that are an integral part of the effective rate. Amortization by the effective rate is presented as part of financial costs in profit or loss.

Derivative

Derivative is recognized at fair value and measured fair value at the end of the reporting period. Profit or loss from fair value remeasurement is recognized in profit or loss immediately unless that derivative is used for hedge.

Derecognition of financial instruments

Financial assets will be derecognized from the account when the right to receive cash flow of such asset has ended or when the right to receive cash flow of the assets is transferred including upon the transfer of all risk and consideration of that asset or transfer of internal control in that asset although there is no transfer or maintaining of nearly all risk and consideration of such asset.

Financial liabilities will be derecognized from the account when the obligation of such liabilities has been complied, the obligation is cancelled or the obligation has ended. In case existing financial liabilities are changed to new liabilities from one single lender with considerably different requirements or there is a significant amendment in the requirements of existing liabilities, these are considered as recognition old liabilities and recognizing new liabilities by recognizing the difference of such carrying value under profit or loss.

Impairment of financial assets

Expected credit loss for financial assets measured at amortized cost or debt instrument financial asset measured at fair value through other comprehensive income and assets arising from credit facility obligation and financial guarantee agreement are assessed without having to wait for the credit event to occur first. The Company use the general approach in considering the allowance for loss on impairment. For trade receivables, the Company apply a simplified approach in calculating ECLs. The Company recognize a loss based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Offset of financial instruments

Financial assets and liabilities will be offset and presented at net balance in the statement of financial position in the case legally enforced in offsetting the recognized amount. The Company intend to pay the net balance or intends to receive assets and settle payment of liabilities at the same time.

3.3 Cash and cash equivalents

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

3.4 Trade and other current receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade and other receivables are stated at the amount expected to be collectible, The Company apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

3.5 Inventories

Inventories are presented at the lower of cost or net realizable value, cost of inventories is calculated using the moving average method.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion above include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the sale.

3.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Repair and maintenance costs are recognized as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful life of the assets as follows:

Leasehold improvements	10 years
Machinery	5 - 10 years
Tool and equipment	3 - 10 years
Office equipment	3 - 5 years
Vehicles	5 years
Furniture and fixtures	5 years

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.7 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

3.8 Leases

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

The Company assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Right-of-use assets-as a lessee

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

3.9 Intangible assets

Intangible assets that are acquired by the Company have finite useful life are stated at cost less accumulated amortization and allowance on impairment (if any).

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortization is calculated by cost less residual value on the straight-line method over the estimated useful life of the assets as follows:

Software licences	10 years
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The Company has reviewed the residual value and useful life of the assets every year.

3.10 Deferred molds

Deferred molds are stated at cost less accumulated depreciation and impairment loss (if any). Amortization is calculated by the productive method.

3.11 Impairment of non-financial assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.12 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provided fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the Company's article and the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retain earing.

3.13 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.14 Foreign currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

3.15 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities. Deferred tax is not recognised for the following 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.

Deferred tax assets and liabilities are measured at the tax rates that the Company expects to apply to the period when the deferred tax assets are realised or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.16 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares which are issued during the year.

3.17 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.18 Derivatives financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Company designate certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or unrecognized firm commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains (losses).

3.19 Fair value measurement

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

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Allowance for expected credit losses

In determining an allowance for expected credit losses, the management needs to make judgement and estimates the expected credit loss based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as GDP, the unemployment rate and the consumer price index.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense.

Impairment of assets

The Company treats assets as impaired when they are determined that the recoverable amount is lower than the carrying amount or in assessing whether there is any indication that assets may be impaired. The determination of whether the recoverable amount lower than the carrying amount requires judgement of the management to use key assumptions underlying recoverable amounts.

Property, plant and equipment / Depreciation

In determining depreciation of property, plant and equipment, the management is required to make estimates of the useful lives and residual values of the property, plant and equipment and to review the useful lives and residual values when there are any changes.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Leases

In determining the lease term of contracts with renewal and termination options, the Company and determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit of the lease. Therefore, the incremental borrowing rate of the Company are used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay for necessary borrowing to acquire the assets, or assets with close value to right-of-use assets in similar economic environment, borrowing period and borrowing security.

Fair valuation of financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company use judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in Note 29

5. 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.

5.1 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
<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 (Effective since September 26, 2020)

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

Transactions	Pricing policies
Other income	Market price
Purchase of goods	Agreed price
Purchase of asset	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

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

	Baht	
	2021	2020
<u>Liabilities</u>		
Trade and other current payables		
Related companies	1,366,632.81	796,697.93
Related person	519,726.10	503,500.00
Lease liabilities		
Related companies	69,888,520.92	63,062,420.04

- 5.4 Significant transactions with related parties for the year ended December 31, 2021 and 2020 were as follows:

	Baht	
	2021	2020
Related companies		
Purchases of asset	-	71,840,000.00
Other income	189,161.22	-
Purchases of goods	24,000.00	16,200.00
Other expense	4,438,546.27	1,579,832.50
Interest expense	3,862,807.79	3,923,716.68
Related person		
Sale of asset	981,308.41	-
Commission expense	3,083,221.42	1,007,000.00

According to the Board of Directors Meeting No. 6/2019, held on November 11, 2019, the Board of Directors had resolution to approve the purchase of land from Manee Mongkol Import-Export Company Limited, a related party, at a price of Baht 71.84 million, which is in accordance with the appraised value of the independent appraiser. The cost of ownership transfer is responsible by both parties. Later, on February 14, 2020, the company entered into the land to buy / to sell agreement and signed jointly with such company and the Company has registered the land ownership transfer with the Department of Lands on August 28, 2020.

	Baht	
	2021	2020
Key management personnel*		
Compensation to director and key management personnel		
Short-term benefit	18,343,346.64	16,701,385.77
Post-employment benefits	256,006.23	246,312.35
	<u>18,599,352.87</u>	<u>16,947,698.12</u>

* Key management personnel

Management benefit expenses represents the benefits paid to the Company are management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

5.5 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.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of:

	Baht	
	2021	2020
Cash on hand	196,768.76	149,248.03
Deposits at banks - current accounts	19,142,839.30	25,936,806.89
- savings accounts	79,712,872.01	84,490,948.69
- fixed deposit account - three months	11,806.71	-
Cheques that are due but have not been deposited	39,562.18	161,246.49
Total	99,103,848.96	110,738,250.10

7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Baht	
	2021	2020
Trade receivables	136,979,313.53	135,671,134.00
Other current receivables	35,263,684.24	13,807,633.12
Total	<u>172,242,997.77</u>	<u>149,478,767.12</u>

Trade receivables consisted of:

	Baht	
	2021	2020
Trade receivables	135,524,451.01	133,419,607.39
Post date cheque	3,634,753.53	4,341,210.94
Total	139,159,204.54	137,760,818.33
<u>Less</u> Allowance for expected credit losses	<u>(2,179,891.01)</u>	<u>(2,089,684.33)</u>
Net	<u>136,979,313.53</u>	<u>135,671,134.00</u>

Trade receivables classified by ages of accounts consisted of:

	Baht	
	2021	2020
Within credit term	130,924,039.73	73,542,539.20
Overdue:		
Less than 3 months	1,804,096.31	57,771,137.72
3 - 6 months	1,021,954.71	170,868.01
6 - 12 months	-	618,009.79
Over 12 months	1,774,360.26	1,317,052.67
Total	<u>135,524,451.01</u>	<u>133,419,607.39</u>

Movement of the allowance for expected credit losses were as follows:

	Baht	
	2021	2020
Beginning balance as at January	2,089,684.33	1,781,679.32
Additional during the year	90,206.68	308,005.01
Deduction during the year	-	-
Ending balance as at December 31	<u>2,179,891.01</u>	<u>2,089,684.33</u>

The allowance for expected credit losses was as follows:

	Baht					Total
	Within credit term	Overdue				
		Not over 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at December 31, 2021						
Trade receivables	130,924,039.73	1,804,096.31	1,021,954.71	-	1,774,360.26	135,524,451.01
Loss allowance	19,781.23	176,641.82	209,107.70	-	1,774,360.26	2,179,891.01

	Baht					Total
	Within credit term	Overdue				
		Not over 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at December 31, 2020						
Trade receivables	73,542,539.20	57,771,137.72	170,868.01	618,009.79	1,317,052.67	133,419,607.39
Loss allowance	34,007.48	106,725.87	13,888.52	618,009.79	1,317,052.67	2,089,684.33

Other current receivables consisted of:

	Baht	
	2021	2020
Prepaid expense	2,043,546.32	1,928,098.19
Deposit	32,839,075.28	11,323,114.43
Advance payment	-	257,281.75
Others	381,062.64	299,138.75
Total	<u>35,263,684.24</u>	<u>13,807,633.12</u>

8. INVENTORIES

Inventories consisted of:

	Baht	
	2021	2020
Finished goods	50,527,833.49	32,059,457.50
Work in process	8,568,315.76	5,962,401.72
Raw materials	148,759,800.75	78,596,920.84
Supplies	1,073,599.73	1,150,667.46
Goods in transit	20,352,337.35	7,953,089.03
Total	229,281,887.08	125,722,536.55
<u>Less</u> Allowance for declining in value of inventories	<u>(12,324,393.58)</u>	<u>(9,943,199.73)</u>
Net	<u>216,957,493.50</u>	<u>115,779,336.82</u>

Movements of the allowance for declining in value of inventories were as follows:

	Baht	
	2021	2020
Beginning balance of the year	9,943,199.73	12,063,997.88
Additional during the year	2,381,193.85	-
Deduction during the year	-	(2,120,798.15)
Ending balance at end of year	<u>12,324,393.58</u>	<u>9,943,199.73</u>

	Baht	
	2021	2020
Decline in value of inventory recognized as cost of goods sold for the year	2,381,193.85	-
Reversal of the decline in value of inventory for the year	-	(2,120,798.15)

9. OTHER CURRENT FINANCIAL ASSET

Other current financial asset consisted of:

	Baht	
	2021	2020
Fixed deposit maturity of over three months	70,589,050.00	150,000,000.00
Total	<u>70,589,050.00</u>	<u>150,000,000.00</u>

10. RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

As at December 31, 2020, the Company had fixed deposit in the amount of Baht 3.00 million with interest at the rate of 0.25% per annum as collateral for guarantee of credit facilities with a bank (Note 17). Later, on August 30, 2021 the Company cancelled the registration of the agreement to exercise the right in deposit as business collateral.

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

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

	Baht	
	2021	2020
Investments in debt security:		
Government bond for debt restructuring 2010, No.1 with 6 years, interest at the rate of 3.625% per annum and maturity date on June 16, 2023	1,200,000.00	1,200,000.00
Total	<u>1,200,000.00</u>	<u>1,200,000.00</u>

As at December 31, 2021 and 2020, the Company has used such bonds as collateral in the electricity usage agreement with the Provincial Electricity Authority (Note 32.6).

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:

	Baht				As at December 31, 2021
	As at	Movement during the year			
	January 1, 2021	Additions	Deduction	Transferred in (out)	
At cost					
Land	71,841,801.50	-	-	-	71,841,801.50
Leasehold improvements	13,974,680.04	377,350.00	-	-	14,352,030.04
Machinery	241,556,245.11	-	-	48,287,426.66	289,843,671.77
Equipment and tool	60,038,665.65	6,675,169.19	(600,972.99)	5,331,731.99	71,444,593.84
Office equipment	13,278,576.73	1,858,912.12	(973,305.61)	1,310,332.57	15,474,515.81
Vehicles	7,344,066.50	9,353,061.68	(4,250,050.00)	11,210,908.41	23,657,986.59
Furniture and fixture	8,070,918.41	538,300.00	(161,970.87)	-	8,447,247.54
Assets under construction and installation	264,000.00	85,797,589.09	-	(57,102,388.41)	28,959,200.68
Total	416,368,953.94	104,600,382.08	(5,986,299.47)	9,038,011.22	524,021,047.77
Accumulated depreciation					
Leasehold improvements	(1,318,789.54)	(1,410,356.94)	-	-	(2,729,146.48)
Machinery	(127,763,628.90)	(23,833,769.49)	-	-	(151,597,398.39)
Equipment and tool	(41,712,575.34)	(6,759,656.76)	528,672.09	-	(47,943,560.01)
Office equipment	(10,795,461.46)	(1,377,242.56)	909,577.67	-	(11,263,126.35)
Vehicles	(4,257,699.97)	(1,909,952.42)	3,818,936.00	(6,645,868.68)	(8,994,585.07)
Furniture and fixture	(7,087,068.86)	(499,341.16)	160,508.83	-	(7,425,901.19)
Total	(192,935,224.07)	(35,790,319.33)	5,417,694.59	(6,645,868.68)	(229,953,717.49)
Property, plant and equipment - net	223,433,729.87				294,067,330.28

	Baht				As at December 31, 2020
	As at	Movement during the year			
	January 1, 2020	Additions	Deduction	Transferred in (out)	
At cost					
Land	-	71,841,801.50	-	-	71,841,801.50
Leasehold improvements	3,072,314.37	1,002,365.67	-	9,900,000.00	13,974,680.04
Machinery	238,028,559.77	1,786,719.39	-	1,740,965.95	241,556,245.11
Equipment and tool	55,246,931.59	3,813,308.13	(45,574.07)	1,024,000.00	60,038,665.65
Office equipment	12,032,741.35	1,362,646.38	(116,811.00)	-	13,278,576.73
Vehicles	5,418,923.51	1,925,142.99	-	-	7,344,066.50
Furniture and fixture	7,851,069.00	286,999.41	(67,150.00)	-	8,070,918.41
Assets under construction and installation	512,000.00	12,416,965.95	-	(12,664,965.95)	264,000.00
Total	322,162,539.59	94,435,949.42	(229,535.07)	-	416,368,953.94
Accumulated depreciation					
Leasehold improvements	(339,948.89)	(978,840.65)	-	-	(1,318,789.54)
Machinery	(106,203,620.22)	(21,560,008.68)	-	-	(127,763,628.90)
Equipment and tool	(34,662,095.34)	(7,090,302.44)	39,822.44	-	(41,712,575.34)
Office equipment	(9,691,996.11)	(1,218,654.20)	115,188.85	-	(10,795,461.46)
Vehicles	(4,173,748.59)	(83,951.38)	-	-	(4,257,699.97)
Furniture and fixture	(6,584,521.67)	(558,499.37)	55,952.18	-	(7,087,068.86)
Total	(161,655,930.82)	(31,490,256.72)	210,963.47	-	(192,935,224.07)
Property, plant and equipment - net	160,506,608.77				223,433,729.87

		Baht	
		2021	2020
Depreciation for the year	- Cost of sales	32,756,694.32	30,466,959.12
	- Selling expenses	787,054.72	313,375.27
	- Administrative expenses	2,246,570.29	709,922.33
	Total	35,790,319.33	31,490,256.72
	Gain (loss) on disposal of equipment	620,733.53	(10,721.60)

As at December 31, 2021 and 2020, the Company had assets which were fully depreciated but they are still in use with gross carrying amount of Baht 100.36 million and Baht 78.88 million, respectively.

As at December 31, 2021 and 2020, land and building and machine with its cost of Baht 227.81 million and Baht 294.31 million, were pledged to as collateral for credit facilities from a financial institutions (Note 17 and 19).

As at December 31, 2021 and 2020, 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.

13. RIGHT-OF-USE ASSETS

Right-of-use assets consisted of:

	Baht				As at December 31, 2021
	As at January 1, 2021	Transactions during the year			
	Additions	Change in conditions /written-off	Transfer-in (Transfer-out)	As at December 31, 2021	
At cost					
Land and building	71,340,303.36	17,413,693.09	-	-	88,753,996.45
Vehicle	21,989,029.92	-	-	(9,038,011.22)	12,951,018.70
Office equipment	410,070.00	-	-	-	410,070.00
Total	93,739,403.28	17,413,693.09	-	(9,038,011.22)	102,115,085.15
Accumulated depreciation					
Land and building	(9,809,348.70)	(11,826,311.64)	-	-	(21,635,660.34)
Vehicle	(11,157,867.13)	(2,457,540.52)	-	6,645,868.68	(6,969,538.97)
Office equipment	(1,572.01)	(81,968.88)	-	-	(83,540.89)
Total	(20,968,787.84)	(14,365,821.04)	-	6,645,868.68	(28,688,740.20)
Right-of-use assets - net	72,770,615.44				73,426,344.95

	Baht				As at December 31, 2020
	As at	Transactions during the year			
	January 1, 2020	Additions	Change in conditions /written-off	Transfer-in (Transfer-out)	
<u>At cost</u>					
Land and building	71,340,303.36	-	-	-	71,340,303.36
Vehicle	20,143,235.53	1,845,794.39	-	-	21,989,029.92
Office equipment	-	410,070.00	-	-	410,070.00
Total	91,483,538.89	2,255,864.39	-	-	93,739,403.28
<u>Accumulated depreciation</u>					
Land and building	-	(9,809,348.70)	-	-	(9,809,348.70)
Vehicle	(8,096,912.86)	(3,060,954.27)	-	-	(11,157,867.13)
Office equipment	-	(1,572.01)	-	-	(1,572.01)
Total	(8,096,912.86)	(12,871,874.98)	-	-	(20,968,787.84)
Right-of-use assets - net	83,386,626.03				72,770,615.44

		Baht	
		2021	2020
Depreciation for the year	- Cost of sales	9,321,697.42	7,572,789.36
	- Selling expenses	1,159,564.35	1,091,268.20
	- Administrative expenses	3,884,559.27	4,207,817.42
Total		14,365,821.04	12,871,874.98

14. INTANGIBLE ASSETS

Intangible assets consisted of:

	Baht				As at December 31, 2021
	As at	Movement during the year			
	December 31, 2020	Additions	Deduction	Transferred in (out)	
<u>At cost</u>					
Software licences	7,193,186.38	678,130.00	-	239,217.00	8,110,533.38
Software during installation	175,000.00	239,217.00	-	(239,217.00)	175,000.00
Total	7,368,186.38	917,347.00	-	-	8,285,533.38
<u>Accumulated amortization</u>					
Software licences	(2,497,826.22)	(755,297.47)	-	-	(3,253,123.69)
Total	(2,497,826.22)	(755,297.47)	-	-	(3,253,123.69)
Intangible asset, net	4,870,360.16				5,032,409.69

	Baht				As at December 31, 2020
	As at December 31, 2019	Movement during the year			
		Additions	Deduction	Transferred in (out)	
<u>At cost</u>					
Software licences	6,575,856.38	567,330.00	-	50,000.00	7,193,186.38
Software during installation	175,000.00	50,000.00	-	(50,000.00)	175,000.00
Total	6,750,856.38	617,330.00	-	-	7,368,186.38
<u>Accumulated amortization</u>					
Software licences	(1,803,916.93)	(693,909.29)	-	-	(2,497,826.22)
Total	(1,803,916.93)	(693,909.29)	-	-	(2,497,826.22)
Intangible asset, net	4,946,939.45				4,870,360.16

	Baht	
	2021	2020
Amortization for the year - Cost of sales	211,919.45	204,579.79
- Administrative expenses	543,378.02	489,329.50
Total	755,297.47	693,909.29

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

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities consisted of:

	Baht	
	2021	2020
Deferred tax assets	4,679,717.81	4,404,741.88
Deferred tax liabilities	(30,640.29)	-
Deferred tax assets (liabilities), net	4,649,077.52	4,404,741.88

	Baht			As at December 31, 2021
	As at January 1, 2021	Income (expense) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Allowance for expected credit losses	417,936.86	18,041.34	-	435,978.20
Allowance for declining in value of inventories	1,988,639.94	476,238.78	-	2,464,878.72
Derivative liabilities	700,090.92	(700,090.92)	-	-
Provision for employee benefit	991,781.07	188,174.10	44,868.76	1,224,823.93
Lease liabilities	306,293.09	247,743.87	-	554,036.96
Total	4,404,741.88	230,107.17	44,868.76	4,679,717.81
Deferred tax liabilities:				
Derivative assets	-	(30,640.29)	-	(30,640.29)
Total	-	(30,640.29)	-	(30,640.29)
Deferred tax assets (liabilities), net	4,404,741.88	199,466.88	44,868.76	4,649,077.52

	Baht				As at December 31, 2020
	As at January 1, 2020	Income (expense) during the year		Transfer to	
		In profit or loss	In other comprehensive income	share premium on ordinary shares	
Deferred tax assets:					
Allowance for expected credit losses	356,335.86	61,601.00	-	-	417,936.86
Allowance for declining in value of inventories	2,412,799.57	(424,159.63)	-	-	1,988,639.94
Derivative liabilities	30,167.92	669,923.00	-	-	700,090.92
Provision for employee benefit	810,659.37	181,121.70	-	-	991,781.07
Lease liabilities	-	306,293.09	-	-	306,293.09
Total	3,609,962.72	794,779.16	-	-	4,404,741.88
Deferred tax liabilities:					
Deferred expense	(360,000.00)	-	-	360,000.00	-
Total	(360,000.00)	-	-	360,000.00	-
Deferred tax assets (liabilities), net	3,249,962.72	794,779.16	-	360,000.00	4,404,741.88

16. DEFERRED MOLDS

Deferred molds consisted of:

	Baht	
	2021	2020
At cost	10,368,874.01	10,981,742.37
Accumulated amortization	(5,979,281.53)	(4,763,551.11)
Net book value	4,389,592.48	6,218,191.26

As at December 31, 2021 and 2020, the Company had deferred molds which were fully amortized but they are still in use with gross carrying amount of Baht 2.48 million and Baht 1.16 million, respectively.

17. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions consisted of:

	Baht	
	2021	2020
Trust receipts	8,039,117.57	3,146,372.01
Total	8,039,117.57	3,146,372.01

As at December 31, 2021 and 2020, the Company had credit facilities with four local commercial banks and three local commercial banks, respectively, as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht	
		2021	2020
(1) Bank overdrafts	MOR, MOR - 0.275	17.00	12.00
(2) Letter of credit/trust receipt	Libor + 2.50, MLR - 0.75	204.00	140.00
(3) Promissory note	MLR - 0.75	30.00	30.00
(4) Forward foreign exchange contracts	-	171.00	142.00
(5) Long-term loan (Note 19)	2.00	20.00	20.00
Total		442.00	344.00

The credit facilities are guaranteed by the fixed deposit with a bank for Baht 3.00 million (Note 10) and guaranteed by the mortgage of land and building and machine under ownership of company (Note 12) and guaranteed by directors of company. Later, on June 4, 2021, the director of company has withdrawn from being the guarantor of the company's credit facilities. On August 30, 2021 the company cancelled the agreement of the registration to exercise the right in deposit as business collateral.

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Baht	
	2021	2020
Trade account payables	64,944,628.74	54,929,637.64
Other current payables	42,563,253.52	27,979,041.59
Total	107,507,882.26	82,908,679.23

Other current payables consisted of:

	Baht	
	2021	2020
Accrued expenses	26,219,898.23	21,575,099.47
Unearned income	638,952.54	68,020.58
Payable from acquisition of assets	9,409,093.61	480,966.07
Account payable - Revenue Department	1,765,746.82	2,506,024.95
Others	4,529,562.32	3,348,930.52
Total	42,563,253.52	27,979,041.59

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Changes in long-term loans from financial institutions for the year ended December 31, 2021 and 2020 were summarized as follows:

	Baht	
	2021	2020
Balance at beginning of the year	20,000,000.00	66,126,000.00
Additional loans during the year	-	82,400,000.00
Repayment during the year	(11,666,666.69)	(128,526,000.00)
Balance at end of the year	8,333,333.31	20,000,000.00
<u>Less</u> current portion	(8,333,333.31)	(11,666,666.69)
Long-term loans from financial institutions, net	-	8,333,333.31

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

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

Balance details of long-term loan from financial institutions as at December 31, 2021 and 2020 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 (Baht)	
		2021	2020	2021	2020			2021	2020
1	2020	20.00	20.00	20.00	20.00	2	12 equal installments (or approximately Baht 1,666,666.67) starting the first period at the end of 13 months from the loan withdrawn and within 24 months.	8,333,333.31	20,000,000.00
	Total	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>			<u>8,333,333.31</u>	<u>20,000,000.00</u>

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 12) and guaranteed by director of company and related person. Later, on June 4, 2021, the director of the company and the related party have withdrawn from being the guarantor of such credit facilities.

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).

20. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the year ended are presented below:

	Baht	
	2021	2020
Balance carried as of January 1	68,983,912.60	79,428,664.01
Addition	17,413,693.09	1,886,705.51
Accretion of interest	4,113,765.19	4,339,969.88
Accretion of purchase vat	162,142.00	173,776.20
Payments	(17,837,247.00)	(16,845,203.00)
Decrease from contract cancellation	-	-
As at December 31	72,836,265.88	68,983,912.60
Less: current portion	(13,561,960.23)	(11,692,720.27)
Lease liabilities - net of current portion	<u>59,274,305.65</u>	<u>57,291,192.33</u>

Amounts recognized in the statement of comprehensive income for the years ended December 31, 2021 and 2020 are comprise;

	Baht	
	2021	2020
Depreciation - right-of-use assets	14,365,821.04	12,871,874.98
Interest expenses	4,113,765.19	4,339,969.88
Expense relating to short-term leases	414,000.00	-
Total	<u>18,893,586.23</u>	<u>17,211,844.86</u>

For the years ended December 31, 2021 and 2020 The Company had total cash outflows for leases of Baht 18.25 million and Baht 16.85 million and also had non-cash additions to right-of-use assets and lease liabilities of Baht 17.41 million and Baht 1.89 million, respectively.

21. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movements of the non-current provisions for employee benefit were summarized are as follows:

	Baht	
	2021	2020
Beginning balance	4,958,905.35	4,053,296.84
Benefits paid by the plan during the year	-	-
Current service costs and interest during the year	940,870.52	905,608.51
Actuarial (gains) losses	224,343.78	-
Ending balance	<u>6,124,119.65</u>	<u>4,958,905.35</u>

Expense recognized in the statements of comprehensive income:

	Baht	
	2021	2020
Current service costs		
Cost of sales	474,302.68	464,820.34
Selling expense	90,319.87	88,514.18
Administrative expenses	275,086.30	269,586.73
Interest on obligation	101,161.67	82,687.26
Total	<u>940,870.52</u>	<u>905,608.51</u>

Actuarial losses on defined employee benefit plans

	Baht	
	2021	2020
Actuarial losses arising from		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(790,295.65)	-
Experience adjustments	1,014,639.43	-
Total	<u>224,343.78</u>	<u>-</u>

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2021 and 2020 are summarized below:

	Baht	
	2021	2020
Discount rate		
1% increase	(875,295.10)	(763,344.99)
1% decrease	1,065,639.10	935,657.34
Salary increase rate		
1% increase	1,023,401.27	939,004.91
1% decrease	(860,194.70)	(778,975.56)
Employee turnover rate		
20% increase	(958,899.91)	(928,751.25)
20% decrease	1,268,711.96	1,267,243.72

Principal actuarial assumptions at the reporting date

	Percentage	
	2021	2020
Discount rate	2.84	2.04
Salary increase rate	5.00	5.00
Employee turnover rate		
Below 31 years	25.79 - 34.38	25.79 - 34.38
31 - 40 years	11.46 - 17.19	11.46 - 17.19
41 - 50 years	5.73 - 8.60	5.73 - 8.60
Above 50 years	2.87	2.87
Mortality rate (of Thai mortality table 2017)	105.00	105.00

22. SHARE CAPITAL

Year 2020

According to the resolution of the Extraordinary Shareholders' Meeting No.1/2020 held on May 30, 2020, the shareholders had the resolution on the following significant matters.

- 22.1 Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 10 per share to Baht 0.50 per share resulting in an increase of the Company's ordinary shares from 10 million shares to 200 million shares.

- 22.2 Approve the registered capital increase for Baht 120 million from formerly Baht 100 million to the registered capital Baht 220 million by issuing ordinary shares capital increase 240 million shares at the par value of Baht 0.50 per share.
- 22.3 Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company 240 million shares at the par value of Baht 0.50 per share. The details are as follows:
- (1) Allocate ordinary share capital increase of 120 million shares at the par value of Baht 0.50 per share for the existing shareholders in proportion to their shareholding (Rights Offering).
 - (2) Allocate ordinary share capital increase of 108 million shares at the par value of Baht 0.50 per share for Initial Public Offering.
 - (3) Allocate the ordinary share capital increase 12 million shares at the par value of Baht 0.50 per share for offering to the directors, managements and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.
- 22.4 Approve listing the ordinary shares as registered securities on Market Alternative Investment (mai).

The Company has registered to change the share value and capital increase with the Ministry of Commerce on June 1, 2020.

According to the Board of Directors' Meeting of the Company No. 2/2020, held on August 7, 2020, board of directors had a determination of the number of capital increase ordinary shares allocated to the benefactors of the Company and directors, managements and/or employees. To allocate a portion of the capital increase ordinary shares under the amount that will be allocated for the initial public offering as mentioned in No. 23.3 (2) at the amount not over 18 million shares by offering to the benefactors of the Company at the same price as the price offered to the initial public offering.

During October 19 - 22, 2020, the Company has made the initial public offering for 120 million shares to the subscribers at Baht 3.80 per share. On October 26, 2020, the Company has received the shares payment at the amount of Baht 456.00 million and has registered the increased paid-up capital with the Ministry of Commerce on October 26, 2020. The Stock Exchange of Thailand has received the Company's ordinary shares as listed securities in the Market for Alternative Investment (mai). The commencing trading is on October 29, 2020. The Company has the direct expenses related to the Initial Public Offering in the amount of Baht 17.24 million (net of income tax), shown as a deduction from the premium on ordinary share received from shareholders. As a result, the Company has the premium on ordinary shares amounting to Baht 378.76 million shown as a separate item under "shareholders' equity" in the statement of financial position. This share premium cannot be paid as dividend.

As at December 31, 2020, the Company has 440 million registered ordinary shares at the par value of Baht 0.50 per share, representing to Baht 220.00 million of registered capital, with fully paid-up 440.00 million ordinary shares at the par value of Baht 0.50 per share, representing to the issued and paid-up share capital of Baht 220.00 million.

The details of share capital are as follows:

	Registered capital		Issued and paid-up capital	
	share	Baht	share	Baht
As at January 1, 2020	10,000,000	100,000,000.00	10,000,000	100,000,000.00
Balance before change the par value of ordinary shares	200,000,000	100,000,000.00	200,000,000	100,000,000.00
Increase in registered capital	240,000,000	120,000,000.00	240,000,000	120,000,000.00
As at December 31, 2020	440,000,000	220,000,000.00	440,000,000	220,000,000.00

23. 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 and legal reserve

Year 2021

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

For the year ended December 31, 2021, the Company appropriated the legal reserve at the rate of 5% of net profit for the year 2021 amounted to Baht 5,587,265.72.

For the year ended December 31, 2021, the Company paid the dividend in the total amount of Baht 31,284,000.00 and appropriated of profits as a legal reserve in the total amount of Baht 7,233,792.04.

Year 2020

According to the Annual General Meeting of Shareholders for the year 2020, held on April 30, 2020, the shareholders of the company had resolution to approve the payment of dividends for the year 2019 from the cumulative operating results from the beginning of operations until December 31, 2019 to the Company's shareholders at the rate of Baht 6.70 per share in the amount of Baht 67,000,000.00 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of December 31, 2019, to be entitled to receive dividend. The Company paid dividends to shareholders within 1 month from the date of the general meeting of shareholders and approved the appropriation of profit as a legal reserve in the amount of Baht 3,526,315.79.

According to the Board of Directors Meeting No.1/2020, held on June 2, 2020, the Board of Directors had resolution to approve the payment of interim dividends from the cumulative operating results from the beginning of operations until March 31, 2020 to the Company's shareholders at the rate of Baht 0.14 per share in the amount of Baht 44,800,000.00 by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of June 8, 2020, to be entitled to receive dividend. The Company paid dividends to shareholders within July 1, 2020 and approved the appropriation of profit as a legal reserve in the amount of Baht 2,357,894.74.

According to the Board of Directors' Meeting No. 2/2020, held on August 7, 2020, the Board of Directors had resolution to approve the payment of interim dividends from the cumulative performance from the starting operation to June 30, 2020, at Baht 0.11 per share to the Company's shareholders in the amount of Baht 35,200,000.00 in cash to the shareholders whose names appear in the shareholder register book as at August 7, 2020 who are entitled to receive the dividend. The Company will pay the dividend to the shareholders by September 4, 2020 and approved the appropriation of profit as a legal reserve in the amount of Baht 1,852,634.58.

For the year ended December 31, 2020 the Company paid the dividend in the total amount of Baht 147,000,000.00 and appropriated of profits as a legal reserve in the total amount of Baht 7,736,845.11.

24. 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 years ended December 31, 2021 and 2020, were summarized as follows:

	Baht	
	2021	2020
Domestic	793,149,989.01	677,083,959.92
Export	406,670.00	164,073.40
Total	<u>793,556,659.01</u>	<u>677,248,033.32</u>

Information about major customers

The Company's revenue from sales from their major customers which more than 10% of total revenue from sales for the years ended December 31, 2021 and 2020, were summarized as follows:

Major customer	Number of customers		Baht	
	2021	2020	2021	2020
Domestic customer	2	2	185,144,867.78	178,408,776.66

25. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. B.E. 2530

The Company's contributions for the years ended December 31, 2021 and 2020 were amounted to Baht 1.23 million and Baht 0.95 million, respectively.

26. EXPENSES BY NATURE

Expense by nature consisted of:

	Baht	
	2021	2020
Changes in finished goods and work in process	(21,074,290.03)	592,545.29
Raw materials and consumables used	405,326,289.67	322,245,795.68
Salaries and wages and other employee benefits	160,575,764.37	135,727,122.14
Depreciation and amortization expenses	50,911,437.84	45,056,040.99
Service expenses	12,864,217.43	13,051,779.43
Utilities and facilities expenses	21,431,552.15	19,075,574.71
Traveling expenses	5,087,740.87	4,677,486.91
Maintenance expenses	5,136,445.62	5,424,781.78
Loss on declining in value of inventories (reversal)	2,381,193.85	(2,120,798.15)

27. TAX EXPENSE

27.1 Major components of tax expense for the years ended December 31, 2021 and 2020 consisted of:

	Baht	
	2021	2020
Tax expense shown in profit or loss:		
Current tax expense:		
Income tax expense for the year	28,155,725.36	20,346,929.29
Deferred tax expense (tax income):		
Changes in temporary differences relating to the original recognition and reversal	(199,466.88)	(794,779.16)
Total	<u>27,956,258.48</u>	<u>19,552,150.13</u>
Income tax relating to components of comprehensive income:		
Deferred tax relating to		
Gain on re-measurements of defined benefit plans	(44,868.76)	-
Total	<u>(44,868.76)</u>	<u>-</u>

27.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2021 and 2020 which were summarized as follows:

	Baht	
	2021	2020
Accounting profit for the year	139,701,572.93	97,728,534.31
The applicable tax rate (%)	20%	20%
Tax expense at the applicable tax rate	27,940,314.58	19,545,706.86
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	752,685.03	723,285.97
Tax effect of income that are not required in determining taxable profit and expenses allowed as additional in determining tax profit	(736,741.13)	(725,234.91)
Others	-	8,392.21
Total reconciliation items	15,943.90	6,443.27
Total tax expense	27,956,258.48	19,552,150.13

27.3 A numerical reconciliation between tax average effective tax rate and the application tax rate for the years ended December 31, 2021 and 2020 were summarized as follows:

	2021		2020	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	139,701,572.93		97,728,534.31	
Tax expense (income) at the applicable tax rate	27,940,314.58	20.00	19,545,706.86	20.00
Reconciliation items	15,943.90	0.01	6,443.27	0.01
Tax expense at the average effective tax rate	27,956,258.48	20.01	19,552,150.13	20.01

28. EARNINGS PER SHARE

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

For the year ended December 31, 2021 and 2020

		2021	2020
Profit for the year	(Baht)	111,745,314.45	78,176,384.18
Weighted average number of ordinary shares	(shares)	440,000,000.00	290,819,672.00
Basic earnings per share	(Baht per share)	0.25	0.27

29. FINANCIAL INSTRUMENTS

29.1 Risk management

The Company manages their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue derivative financial instruments for speculative or trading purposes.

29.2 Classification and measurement of financial assets and financial liabilities

On December 31, 2021 and 2020, the classification and measurement of financial assets and financial liabilities in accordance with business models applied to the financial assets and liabilities were as follows:

	Baht		
	2021		
	Fair value - Derivatives	Amortized cost	Total
<u>Financial assets</u>			
Cash and cash equivalents	-	99,103,848.96	99,103,848.96
Trade and other current receivables	-	172,242,997.77	172,242,997.77
Other current financial asset	-	70,589,050.00	70,589,050.00
Derivative assets	199,701.57	-	199,701.57
Other current assets	-	1,385,359.81	1,385,359.81
Non-current non-cash financial asset pledged as collateral	-	1,200,000.00	1,200,000.00
Other non-current assets	-	548,430.57	548,430.57
	<u>199,701.57</u>	<u>345,069,687.11</u>	<u>345,269,388.68</u>
<u>Financial liabilities</u>			
Short-term loans from financial institutions	-	8,039,117.57	8,039,117.57
Trade and other current payables	-	107,507,882.26	107,507,882.26
Derivative liabilities	46,500.12	-	46,500.12
Long-term loans from financial institutions	-	8,333,333.31	8,333,333.31
Lease liabilities	-	72,836,265.88	72,836,265.88
	<u>46,500.12</u>	<u>196,716,599.02</u>	<u>196,763,099.14</u>
	Baht		
	2020		
	Fair value - Derivatives	Amortized cost	Total
<u>Financial assets</u>			
Cash and cash equivalents	-	110,738,250.10	110,738,250.10
Trade and other current receivables	-	149,478,767.12	149,478,767.12
Other current financial asset	-	150,000,000.00	150,000,000.00
Other current assets	-	496,396.92	496,396.92
Restricted deposit with financial institution	-	3,025,253.99	3,025,253.99

	Baht		
	2020		
	Fair value - Derivatives	Amortized cost	Total
Non-current non-cash financial asset			
pledged as collateral	-	1,200,000.00	1,200,000.00
Other non-current assets	-	466,849.94	466,849.94
	-	415,405,518.07	415,405,518.07
<u>Financial liabilities</u>			
Short-term loans from financial institutions	-	3,146,372.01	3,146,372.01
Trade and other current payables	-	82,908,679.23	82,908,679.23
Derivative liabilities	3,500,454.59	-	3,500,454.59
Long-term loans from financial institutions	-	20,000,000.00	20,000,000.00
Lease liabilities	-	68,983,912.60	68,983,912.60
	3,500,454.59	175,038,963.84	178,539,418.43

29.3 Interest rate risk

The Company is exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans, long-term loans and lease liabilities. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provide significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at December 31, 2021 and 2020, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht				
	2021				
	Floating interest rate	Fixed interest rate	Interest - free	Total	Interest rate (% per annum)
<u>Financial assets</u>					
Cash and cash equivalents	79,712,872.01	11,806.71	19,379,170.24	99,103,848.96	0.05 - 0.55
Trade and other current receivables	-	-	172,242,997.77	172,242,997.77	-
Other current financial asset	-	70,589,050.00	-	70,589,050.00	0.30 - 0.55
Non-current non-cash financial asset					
pledged as collateral	-	1,200,000.00	-	1,200,000.00	3.625
<u>Financial liabilities</u>					
Short-term loans from financial institutions	8,039,117.57	-	-	8,039,117.57	2.72 - 2.75
Trade and other current payables	-	-	107,507,882.26	107,507,882.26	-
Long-term loans from financial					
institutions	-	8,333,333.31	-	8,333,333.31	2.00
Lease liabilities	-	72,836,265.88	-	72,836,265.88	4.75 - 5.50

	Baht				
	2020				
	Floating interest rate	Fixed interest rate	Interest - free	Total	Interest rate (% per annum)
<u>Financial assets</u>					
Cash and cash equivalents	84,490,948.69	-	26,247,301.41	110,738,250.10	0.05 - 0.45
Trade and other current receivables	-	-	149,478,767.12	149,478,767.12	-
Other current financial asset	-	150,000,000.00	-	150,000,000.00	0.625 - 0.80
Restricted deposit with financial institution	-	3,025,253.99	-	3,025,253.99	0.25
Non-current non-cash financial asset					
pledged as collateral	-	1,200,000.00	-	1,200,000.00	3.625
<u>Financial liabilities</u>					
Short-term loans from financial institutions	3,146,372.01	-	-	3,146,372.01	2.74
Trade and other current payables	-	-	82,908,679.23	82,908,679.23	-
Long-term loans from financial					
institutions	-	20,000,000.00	-	20,000,000.00	2.00
Lease liabilities	-	68,983,912.60	-	68,983,912.60	3.720 - 7.919

29.4 Credit risk

The Company is exposed to credit risk primarily relating to trade accounts receivable. The management of the Company manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

29.5 Foreign currency risk

The Company incurred risk foreign currencies exchange due to the Company had transaction of sales which were denominated in foreign currencies. the Company had hedged as they believed appropriate the foreign currencies risk using forward contract against risk on exchange rates. As of December 31, 2021 and 2020, the Company had outstanding foreign exchange contracts and constitutes foreign currencies assets (liabilities) which mainly due within one year as follows:

	Foreign currency		Baht	
	2021	2020	2021	2020
Trade account payables - Carrying amount on statement of financial position				
- US Dollars	491,548.28	311,037.97	16,512,532.22	9,395,461.75
- Singapore Dollars	1,283.80	-	32,127.61	-
Forward foreign exchange contracts				
- US Dollars				
Derivative assets	567,510.24	-	199,701.57	-
Derivative liabilities	813,802.52	3,121,112.21	46,500.12	3,500,454.59

Derivatives

Derivatives are forward foreign exchange contracts used for economic hedging purposes and not as speculative investments. However, derivatives do not meet the hedge accounting criteria, therefore they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be realized within 12 months after the end of the reporting period.

As at December 31, 2021 and 2020, the Company had Gains (losses) from changes in fair value of derivatives in the amount of Baht 0.15 million and Baht 3.50 million, respectively.

Net foreign exchange gains (losses)

For the years ended December 31, 2021 and 2020, the aggregate net foreign exchange gains (losses) recognized in profit or loss are as follow:

	Baht	
	2021	2020
Unrealized gain (loss) on exchange rates	3,746,325.19	(3,616,986.40)
Gain (loss) on exchange rates		
- Administrative expenses	11,027,459.65	2,563,458.78
Total net gain (loss) on exchange rate recognized in profit before tax expense	<u>14,773,784.84</u>	<u>(1,053,527.62)</u>

29.6 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company’s operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

29.7 Fair value of financial instruments

As at December 31, 2021 and 2020, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	Baht				
	2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Asset					
Forward foreign exchange contracts	-	-	199,701.57	-	199,701.57
Liability					
Forward foreign exchange contracts	-	-	46,500.12	-	46,500.12

	Baht				
	2020				
	Carrying amount	Fair Value			
	Level 1	Level 2	Level 3	Total	
Liability					
Forward foreign exchange contracts	-	-	3,500,454.59	-	3,500,454.59

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

30. CAPITAL MANAGEMENT

The primary objective of capital management of the Company is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2021, the Company's debt-to-equity ratio was 0.28 : 1 (as at December 31, 2020 was 0.28 : 1).

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows:

	Baht				
	2021				
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Translation on exchange rate	Balance as at December 31, 2021
Short-term loans from financial institutions	3,146,372.01	4,906,765.99	-	(14,020.43)	8,039,117.57
Long-term loan from financial institutions	20,000,000.00	(11,666,666.69)	-	-	8,333,333.31
Lease liabilities	68,983,912.60	(13,561,339.81)	17,413,693.09	-	72,836,265.88
Total	92,130,284.61	(20,321,240.51)	17,413,693.09	(14,020.43)	89,208,716.76

	Baht				
	2020				
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Translation on exchange rate	Balance as at December 31, 2020
Short-term loans from financial institutions	41,042,671.53	(38,099,269.72)	-	202,970.20	3,146,372.01
Long-term loan from financial institutions	66,126,000.00	(46,126,000.00)	-	-	20,000,000.00
Lease liabilities	8,088,360.65	(12,331,456.92)	73,227,008.87	-	68,983,912.60
Total	115,257,032.18	(96,556,726.64)	73,227,008.87	202,970.20	92,130,284.61

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flow.

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Commitments relating to service agreements commitments

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

	Baht	
	2021	2020
Not later than one year	1,194,299.46	1,350,625.00
Later than one year and not later than five years	-	58,500.00
Later than five years	-	-
Total	<u>1,194,299.46</u>	<u>1,409,125.00</u>

32.2 Commitments relating to forward foreign exchange contracts

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 in March 2022.

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

32.3 Commitments relating to outstanding letters of credit

As at December 31, 2021 and 2020, the Company had commitments for the outstanding letters of credit amounting equivalent to U.S. Dollars 1.70 million (equal to Baht 57.08 million) and U.S. Dollars 2.65 million (equal to Baht 79.91 million), respectively.

32.4 Commitment relating to purchase of raw material agreements

As at December 31, 2021 and 2020, The Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and per conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 4 and 6 months. The Company has an outstanding commitment under the agreement amounted U.S. Dollars 0.76 million (equal to Baht 25.42 million) and U.S. Dollars 2.05 million (equal to Baht 61.85 million), respectively.

32.5 Commitment on capital expenditure

32.5.1 As at December 31, 2021 and 2020, the Company has commitment to pay under machine purchase contract totaled Baht 36.10 million and Baht 36.97 million, respectively. The Company has an outstanding commitment under the agreement amounted Baht 19.30 million and Baht 25.79 million, respectively.

32.5.2 As at December 31, 2021 and 2020, the Company has commitment to pay under contract for the construction of a new factory totaled Baht 166.50 million and Baht 2.40 million, respectively. The Company has an outstanding commitment under the agreement amounted Baht 139.95 million and Baht 2.16 million, respectively.

32.6 Contingent liabilities relating to electricity usage agreement

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

33. EVENT AFTER THE REPORTING PERIOD

According to the Board of Directors Meeting No.1/2022, held on February 25, 2022, the Board of Directors 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. The right to receive such dividend is uncertain until it is approved by the Annual General Meeting of Shareholders for the year 2022.

34. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's board of directors on February 25, 2022.